

Planning and Advanced Reservation of Capacity Agreement

- Draft Outline Framework -

Overview

- a) Prior to a customer signing a PARCA, there will be a requirement to submit a simple **Pre-PARCA Assessment** to National Grid NTS in order to understand the estimated capacity quantities, capacity profile (if applicable), dates and location.

Notes:

The Pre-PARCA Assessment may be standalone or;

The customer *may* wish to include (if appropriate) within the UNC NTS Connections process e.g. in the event the customer expects to submit a formal application for an Initial Connection Offer or a Formal Connection Offer.

The Pre-PARCA Assessment template will be published on our website.

- b) The customer will be informed of its financial liabilities and payment terms **[of the costs or its allowed revenue 'charge']** prior to signing the PARCA.
- c) A customer may request to enter into a bilateral PARCA with National Grid NTS.
- d) The customer may, or may not be, a UNC signatory.
- e) By signing a PARCA, the customer will reserve its capacity requirement and, agrees to National Grid progressing **Schedule 1a, 1b**; and other planning schedules as necessary (upon further agreement with the customer).
- f) **Schedule 1a:** Project Need Case/Investment Decision:

This is based on an internal desktop exercise on which National Grid will make an initial assessment on its Project Need Case i.e. can the customer's capacity requirement be provided through:

- existing system capability and/or
- capacity substitution and/or
- commercial alternative and/or
- NTS investment

National Grid NTS will liaise with the customer and provide information as to the initial Project Need Case decision. Where National Grid NTS determines that further assessment of the Project Need Case decision is required e.g. for a complex NTS reinforcement, we will advise the customer that the **Schedule 1b** Technical Options Study is to be initiated.

- g) **Schedule 1b:** Technical Options

Where National Grid NTS has determined that the customer's capacity requirement will require investment in the physical reinforcement of the NTS then one or more of the following 'Planning' schedules may be activated:

- **Schedule 2** NTS Reinforcement – No planning consent required
- **Schedule 3** NTS Reinforcement – Local planning consent required
- **Schedule 4** NTS Reinforcement – National planning consent required

- h) The customer (and National Grid NTS) will provide each other with Demonstration/Milestone Information that will vary dependent on which planning schedule is activated. [Details to be developed with the TX Workgroup].
- i) The customer will underwrite/pay [on a £% basis?] the **[costs or allowed revenue 'charge']** associated to each active schedule. **To be included/drafted as per our RIIO business plan submission**
- j) **2 stage revenue driver calculation and trigger to be included...**
- k) The PARCA will contain break-out clauses, aligned to the Schedules (and/or Stages) which the customer may initiate in the event that they no longer wish to proceed with their Project within 28 days of [Schedule xxx].
- l) Where a break-out clause is triggered, the customer will be liable for **[all costs (incurred and anticipated) or allowed revenue 'charge']** at the point at which the break-out becomes effective.

Schedules:

Schedule 1a - Project Need Case/Investment Decision

Indicative timescale to complete Schedule 1a is up to three months

S1a.1: Development and documentation of the **Project Need Case** will be based on the information provided by the customer to National Grid NTS as set out in the Pre-PARCA assessment.

S1a.2: The Project Need Case will be assessed on the following criteria:

- Evaluation of existing NTS infrastructure: system capability study to include as required:
 - Develop and document supply assumptions
 - Develop and document demand assumptions
- Evaluation of investment solutions including investment alternatives: capacity substitution, commercial alternatives with physical reinforcement assessment to include as required:
 - New pipeline (strategic options, no detailed route corridor studies at this time)
 - Uprating of existing pipeline
 - New compression
 - Modification of existing compression (re-wheels, flow modifications)
 - Flow control valves
 - Any combination of the above

S1a.3: National Grid NTS will determine an initial Project Need Case at this point however; where relevant, this decision will be subject to further assessment and refinement through Schedule 1b – Technical Options.

S1a.4: The customer may initiate a break-out clause prior to National Grid commencing Schedule 1b.

Schedule 1b – Technical Options

Indicative timescale to complete Schedule 1b is up to three months

S1b.1: National Grid's internal assessment of the available Technical Options through:

- Network analysis evaluation of potential physical reinforcement options
- Application of a technical filter
- Application of benefits filter, parking options that provide no additional benefit over other potential technical options

S2b.2: Preparation of version 1 Technical Options Report to include:

- Description of all the technical options assessed
- Description of the methodology employed in the assessment

S1b.3: Consultation with key stakeholders on the Technical Options Report.

S1b.4: Review and incorporate stakeholder feedback into the Technical Options Report.

S1b.5: Where relevant, draft an outline agreement for the Schedule 4 Stage 1 - Strategic Options Report.

S1b.6: National Grid NTS will reassess the NTS investment decision made in Schedule 1a.

S1b.7: In the event that investment in NTS physical reinforcement is required, then National Grid NTS will determine which categories of planning consent (if any) are required for physical NTS investment:

- No planning consent is required – activate Schedule 2
- Local planning consent is required – activate Schedule 3
- National planning consent (DCO) is required – activate Schedule 4

S1b.8: Schedule 1b Customer Update; National Grid NTS to review the Schedule 1b *outputs* with the customer.

S1b.9: Update (if necessary, v2.0) Schedule 1b *outputs* in agreement with the customer.

S1b.10: Following the Schedule 1b Customer Update (and incorporating any amendments to the outputs), the customer will have 28 days in which to inform National Grid NTS if it wishes to activate the

break-out clause for the next schedule.

S1b.11: National Grid NTS will provide the customer with Milestone Information as described in Table 2.

Schedule 2 – NTS reinforcement required (no Planning Consent required)

Indicative timescale to complete Schedule 2 is dependent on the individual project

S2.1: This Schedule 2 is activated where the Project Need Case decision is such that NTS physical reinforcement is required for a customer project but does not require planning consent.

S2.2: To be confirmed – as per ARCA with works.

S2.3: Schedule/agreement definition to be confirmed.

Schedule 3 – NTS reinforcement required (Local planning consent required)

Indicative timescale to complete Schedule 3 is dependent on individual project and the Local Planning Inspectorate

S3.1: This Schedule 3 is activated where the Project Need Case decision is such that NTS physical reinforcement is required for a customer project that requires local planning consent.

S3.2: To be confirmed – as per ARCA with works.

S3.3: Schedule/agreement definition to be confirmed.

Schedule 4 – NTS reinforcement required (National planning consent required)

General:

S4.G.1: This Schedule 4 is activated where the Project Need Case decision is such that NTS physical reinforcement is required for a customer project that is deemed a Nationally Significant Infrastructure Project (NSIP).

S4.G.2: The customer may initiate a break-out clause at each Stage of this Schedule 4.

Schedule 4: Stage 1 – Strategic Options

*Indicative timescale to complete Schedule 4 - Stage 1 is **up to 6 months***

S4.1.1: Development and preparation of the Strategic Optioneering Report; based on information provided in the Schedule 2b Technical Options Report:

- Undertake Level 1 Options Appraisal (external environmental consultants)
- External network analysis evaluation of potential physical reinforcement options

S4.1.2: External consultation with key stakeholders (workshops and presentations).

S4.1.3: Review and incorporate external stakeholder feedback into the Strategic Optioneering Report.

S4.1.4: Draft an outline agreement for the Schedule 4 - Stage 2: Pipeline Route Corridor and Siting Studies.

S4.1.5: Stage 1 Customer Update: National Grid NTS to review and agree the Stage 1 *outputs* with the customer.

S4.1.6: Update (if necessary, v2.0) Stage 1 *outputs* in agreement with the customer.

S4.1.7: Following the Stage 1 Customer Update (and incorporating any amendments to the outputs), the customer will have 28 days in which to inform National Grid NTS if it wishes to activate the break-out

clause for Schedule 4 - Stage 2.

S4.1.8: National Grid NTS will provide the customer with Milestone Information as described in Table 2.

Schedule 4: Stage 2 – Pipeline Route Corridor and Siting Studies

Indicative timescale to complete Schedule 4 - Stage 2 is up to 15 months

- S4.2.1: Identify and document the preferred Pipeline Route Corridor and Siting Study Report; based on information provided in the Schedule 4 - Stage 1: Strategic Options Report;
- Develop and document the Statement of Community Consultation (SOCC)
 - Undertake a Route Corridor Investigation Study (RICS)
- S4.2.2: External consultation with Statutory and public consultees (in accordance with SOCC).
- S4.2.3: Complete the Preferred Route Corridor and Siting Study Report;
- Prepare and complete the Level 2 Options Appraisal Report
 - Review and incorporate the consultees feedback (as appropriate)
 - Prepare and complete the Route Corridor Feedback Report
- S4.2.4: Draft an outline agreement for Schedule 4 - Stage 3: Detailed Environmental Impact Assessment Study and Pipeline design.
- S4.2.5: Stage 2 Customer Update: National Grid NTS to review and agree the Stage 2 *outputs* with the customer.
- S4.2.6: Update (if necessary, v2.0) Schedule 4 - Stage 2 *outputs* in agreement with the customer.
- S4.2.7: Following the Stage 2 Customer Update (and incorporating any amendments to the outputs), the customer will have 28 days in which to inform National Grid NTS if it wishes to activate the break-out clause for Schedule 4 - Stage 3.
- S4.2.8: National Grid NTS will provide the customer with Milestone Information as described in Table 2.

Schedule 4: Stage 3 - Detailed EIA Study and Pipeline Design

Indicative timescale to complete Schedule 4 - Stage 3 is up to 24 months

- S4.3.1: Undertake the detailed Environmental Impact Assessment (Level 3 Options Appraisal).
- S4.3.2: Undertake the detailed Pipeline Design in accordance with the Environmental Impact Assessment Study:
- Support Level 3 Options Appraisal for the preferred Pipeline Route Corridor in accordance with the Environmental Impact Assessment.
- S4.3.3: Draft the Environmental Study Report and the Development Consent Order (DCO) documentation.
- S4.3.4: Draft an outline agreement for Schedule 4 - Stage 4: Submit the application for a Development Consent Order.
- S4.3.5: Stage 3 Customer Review: *outputs* with the customer.
- S4.3.6: Following the Stage 3 Customer Update (and incorporating any amendments to the outputs), the customer will have 28 days in which to inform National Grid NTS if it wishes to activate the break-out clause for Schedule 4 - Stage 4.
- S4.3.7: National Grid NTS will provide the customer with Milestone Information as described in Table 2.

Schedule 4: Stage 4 – Submit the planning application for a Development Consent Order (DCO)

Indicative timescale to complete Schedule 4 - Stage 4 is up to 15 months

- S4.4.1: Finalise the planning application documentation; internal challenge and review.
- S4.4.2: Progress update with the customer – provide overview of the finalised planning application prior to submission to the Planning Inspectorate.
- S4.4.3: Submit the planning application to the Planning Inspectorate.

(Approximately 3 months to submission)

S4.4.4: [National Grid NTS will, in agreement with the customer, purchase any long-lead items [under indemnity?]].

S4.4.5: Stage 4 Customer Review: *outputs* with the customer.

Other Stage 4 external activity timescales:

- *Consideration of the application by the Planning Inspectorate (approx 6 months)*
- *Planning Inspectorate Report and Recommendation to the Secretary of State (approx 3 months)*
- *Decision from the Secretary of State for Energy and Climate Change (approx 3 months)*

Following receipt of the DCO approval:

S4.4.6: The customer will have 28 days in which to inform National Grid NTS if it wishes to activate the break-out clause for Schedule 4 - Stage 5.

S4.4.7: Where the customer is not ascribed to the UNC, it must assign (and inform National Grid NTS of such) the User (UNC signatory) to which the formal capacity allocation will be made.

S4.4.8: National Grid NTS will provide the customer with Milestone Information as described in Table 2.

Schedule 4: Stage 5 – Construction of NTS reinforcement (assuming DCO approval)

Indicative timescale to complete Schedule 4 - Stage 5 is up to 24 months

S4.5.1: Discharge of any planning conditions attached to the DCO.

S4.5.2: Construction; assuming long-lead items purchased [under indemnity] prior to receipt of the DCO approval.

S4.5.3: National Grid NTS will provide the customer with Milestone Information as described in Table 2.

Demonstration/Milestone Information

1. If the Demonstration Information is not provided by a Demonstration Date specified by the National Grid then National Grid may reset the Demonstration Date and defer the provision of the customer's requested capacity. National Grid NTS may advise a revised Demonstration Date up to a total of [three] [3] Demonstration Dates per Project, including the original Demonstration Date.
2. In the event that the customer fails to provide the Demonstration Information by the third notified Demonstration Date, unless otherwise agreed with the User/Developer, the User/Developer shall cease to hold the [reserved capacity entitlement] and National Grid shall be entitled to recover **[all costs (including anticipated) or the allowed revenue 'charge']** and expenses incurred in performing design and planning work in respect of the Works.
3. The Demonstration Information to be provided by the customer to National Grid will be specified by National Grid NTS and will include, but not be limited to, the following from Table 1:
 - a) at least two (2) items from the Internal column; and
 - b) all relevant items from the External column.

Table 1 will be updated from time to time as required to reflect changes in legislation and commercial arrangements.

4. The Demonstration Information to be provided by National Grid NTS to the customer will be agreed by both parties and may include, but not limited to, those items listed in Table 2.

Table 2 will be updated from time to time as required to reflect changes in legislation and commercial arrangements.

5. The Demonstration Information to be provided will be agreed between the customer and National Grid at the time of application in the first instance or at the time of notification of [subsequent Demonstration Dates], as appropriate.
6. Agreement on the Demonstration Information to be provided will be assisted by the customer and National Grid NTS sharing their key project milestone dates.
7. The Demonstration Information to be provided may be amended through a written request from the customer to National Grid NTS (and vice versa).

Table 1 – Guidelines for <i>Customer</i> Demonstration Information	
Internal to the Customer	External to the Customer
Full financial backing for the customer's Project.	Full planning permission* has been granted for the; <ul style="list-style-type: none"> • customer's Project site and; • National Grid's NTS connection facilities (NTS connection site) where this is remote from the customer's Project site and; • any connecting pipeline between the NTS connection site and the customer's Project site. * where applicable; including Local, National
Contracts for detailed design placed for the facilities (and connecting pipeline where required) in relation to the NTS connection site.	Signed Full Connection Offer (FCO) /Construction Agreement for a new (or modified) NTS connection site. (If relevant)
Contracts for construction placed for the customer's Project facilities downstream of the NTS connection site, including connecting pipeline, where required.	Identify the User (UNC signatory) to which the formal capacity allocation will be made
Construction commenced at the customer's Project site.	
Construction of the connecting pipeline commenced, (where required).	

Table 2 – Guidelines for *National Grid* Milestone Information

Information	[PARCA] Milestone
Licence Revenue driver initiated (where relevant)	To be determined
Confirmation of whether physical NTS investment is required (or not)	Completion of Schedule 1b – Technical Options
Confirmation of type of planning consent required	Completion of Schedule 1b, prior to commencement of: Schedule 2 – NTS reinforcement (no planning consent required) or; Schedule 3 – NTS reinforcement (local planning consent required) and/or; Schedule 4 – NTS reinforcement (national planning consent required).
Confirmation of first capacity date on the completion of:	Schedule 3 – NTS reinforcement (no planning consent required) or; Schedule 3 – NTS reinforcement (local planning consent required) and/or; Schedule 4 – NTS reinforcement (national planning consent required).
Provide customer with Stage 1 outputs*	Schedule 4 – Stage 1 Strategic Options
Provide customer with Stage 2 outputs*	Schedule 4 – Stage 2 Pipeline Route Corridor and Siting Studies
Provide customer with Stage 3 outputs*	Schedule 4 – Stage 3 Detailed Environmental Impact Assessment and Pipeline Design
Provide customer with Stage 4 outputs*/confirmation of DCO status	Schedule 4 – Stage 4 Submit planning application for a Development Consent Order (DCO)
Provide the customer with confirmation as to the commencement/anticipated completion dates of the NTS reinforcement project	Schedule 4 – Stage 5 Construction of NTS reinforcement (assuming DCO granted)
Provide the customer with confirmation once the NTS reinforcement project is complete	Construction of NTS reinforcement is complete

* *To be defined e.g. reports, planning consents, etc.*