

## 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 capacity quantities, capacity profile (if applicable), dates and location.

Notes:

The Pre-PARCA Assessment may be standalone or;

The customer may wish to consider it is included (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.

- b) A customer may request to enter into a bilateral PARCA with National Grid NTS.
- c) The customer may, or may not be, a UNC signatory.
- d) The customer may reserve capacity by signing a PARCA. **(Schedule 1)**.
- e) The PARCA will require the customer to underwrite/pay **[costs or allowed revenue 'charge']** associated to National Grid's investment/planning activities ahead of the formal User capacity allocation.
- f) The customer will be required to underwrite/pay the **[costs or allowed revenue 'charge']** associated to internal activities pertaining to the National Grid NTS Project Need Case and Investment Decision **(Schedule 2)**.
- g) Where the Need Case/Investment decision is such that the customer's capacity requirement can be met through options that do not require National Grid NTS to invest in the physical reinforcement of the system;
- The customer may enter into a commercial contract **(Schedule 3)**.
  - Schedules 4, 5 and 6 will be switched off.
- h) Where the Need Case/Investment Decision is such that the customer's capacity requirement will require National Grid to invest in the physical reinforcement of the NTS then one or more of the following 'Planning' schedules may be activated:
- **Schedule 4** NTS Reinforcement – No planning consent required
  - **Schedule 5** NTS Reinforcement – Local planning consent required
  - **Schedule 6** NTS Reinforcement – National planning consent required
- i) The customer (and National Grid NTS) will provide each other with Demonstration Information that will vary dependent on which planning schedule is activated. [Details to be developed with the TX Workgroup].
- j) The customer will underwrite/pay [on a £% basis?] the **[costs or allowed revenue 'charge']** associated to each active schedule. **Funding arrangements to be discussed and developed with the TX Workgroup**
- k) The PARCA will contain breakout 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.
- 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 1 - Customer Reservation of Capacity Agreement**

1. This Schedule 1 (agreement) will be based on similar principles of the existing ARCA but will include NTS entry and exit Projects and, customers may be either UNC or non-UNC signatories.
2. The customer will activate this schedule if it wishes to reserve its capacity requirement.
3. Funding/User Commitment arrangements to be determined in collaboration between National Grid NTS and the TX Workstream.

### **Schedule 2 - Project Need Case/Investment Decision**

*Indicative timescale to complete Schedule 2 is up to three months*

1. Development and documentation of the need case based on the information provided by the customer to National Grid NTS as set out in Schedule xx of this Agreement, to include as required:
  - Evaluation of existing NTS infrastructure: System capability study to include as required:
  - Evaluation of investment solutions including investment alternatives: Capacity substitution, Commercial alternatives.

This work will be funded (charged/underwritten) by the customer

2. NTS Investment decision is made:
  - a) If the customer's capacity requirement can be met through existing system capability or substitution then no further action is required – the customer may reserve its capacity requirement through Schedule 1.
  - b) If the customer's capacity requirement can be met through a commercial alternative, Schedule 3 will be activated, with Schedules 4, 5 and 6 being treated as inactive.
  - c) If the customer's capacity requirement is to be met by investment in physical NTS reinforcement then determine which categories of planning consent (if any) is required for physical NTS investment:
    - No planning consent is required – activate Schedule 4
    - Local planning consent is required – activate Schedule 5
    - National planning consent (DCO) is required – activate Schedule 6

### **Schedule 3 – No NTS investment required – commercial alternative**

1. This Schedule 3 is activated where National Grid NTS anticipates utilising a commercial alternative to meet the customer's capacity requirement.
2. National Grid NTS may enter into a bilateral commercial agreement with the customer or, other Users.
3. Schedule/agreement definition to be confirmed

### **Schedule 4 – NTS reinforcement required (no Planning Consent required)**

*Indicative timescale to complete Schedule 4 is dependent on the individual project*

1. This Schedule 4 is activated where the need case decision is such that NTS physical reinforcement is required for a customer project but does not require planning consent.
2. To be confirmed – as per ARCA with works.
3. Schedule/agreement definition to be confirmed.

### **Schedule 5 – NTS reinforcement required (Local planning consent required)**

*Indicative timescale to complete Schedule 5 is dependent on individual project and Local Planning Inspectorate*

1. This Schedule 5 is activated where the need case decision is such that NTS physical reinforcement is required for a customer project requires local planning consent.
2. To be confirmed – as per ARCA with works.
3. Schedule/agreement definition to be confirmed.

### **Schedule 6 – NTS reinforcement required (National planning consent required)**

#### **General:**

1. This Schedule 6 is activated where the need case decision is such that NTS physical reinforcement is required for a customer project that is deemed a Nationally Significant Infrastructure Project (NSIP).
2. 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.
3. A customer may initiate a drop-out clause at each Stage of this Schedule 6.
4. The customer will be liable for all **[costs (including anticipated costs) or allowed revenue 'charge']** to the point of the drop out. **Funding arrangements to be discussed and developed with the TX Workgroup.**

#### **Stage 1a - Technical Options Report**

*Indicative timescale to complete Stage 1a is up to 3 months*

1. Development and preparation of the Technical Options Report documentation (v1.0).
2. Consultation with key stakeholders on the Technical Options Report.
3. Review and incorporate stakeholder feedback into the Technical Options Report.
4. Draft an outline agreement for the Stage 1b - Strategic Options Report.
5. Stage 1a Customer Update; National Grid NTS to review and agree the Stage 1a *outputs* with the customer.
6. Update (if necessary, v2.0) Stage 1a *outputs* in agreement with the customer.
7. Following the Stage 1a 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 activate the drop-out clause for Stage 1b.

8. National Grid NTS will provide the customer with Demonstration Information as described in Table 2.

## **Stage 1b – Strategic Options Report**

*Indicative timescale to complete Stage 1b is up to 6 months*

1. Develop and preparation of the Strategic Options Report; based on information provided in the Stage 1a Technical Options Report.
  - Undertake Level 1 Options Appraisal (external environmental consultants)
  - External network analysis evaluation of potential physical reinforcement options
2. External consultation with key stakeholders (workshops and presentations).
3. Review and incorporate external stakeholder feedback into the Strategic Options Report.
4. Draft an outline agreement for the Stage 2 – Pipeline Route Corridor and Siting Studies.
5. Stage 1b Customer Update: National Grid NTS to review and agree the Stage 1b *outputs* with the customer.
6. Update (if necessary, v2.0) Stage 1b *outputs* in agreement with the customer.
7. Following the Stage 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 activate the drop-out clause for Stage 2.
8. National Grid NTS will provide the customer with Demonstration Information as described in Table 2.

## **Stage 2 – Pipeline Route Corridor and Siting Studies**

*Indicative timescale to complete Stage 2 is up to 15 months*

1. Identify and document the preferred Pipeline Route Corridor and Siting Studies; based on information provided in the Stage 1b - Strategic Options Report;
  - Develop and document the Statement of Community Consultation (SOCC)
  - Undertake a Route Corridor Investigation Study (RICS)
2. External consultation with Statutory and public consultees (in accordance with SOCC).
3. Identify and document the Preferred Route Corridor;
  - Review and incorporate the consultees feedback (as appropriate)
  - First draft report
4. Draft an outline agreement for Stage 3 – Detailed Environmental Impact Assessment Study and Pipeline design.
5. Stage 2 Customer Update: National Grid NTS to review and agree the Stage 2 *outputs* with the customer.
6. Update (if necessary, v2.0) Stage 2 *outputs* in agreement with the customer.
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 drop-out clause for Stage 3.
8. National Grid NTS will provide the customer with Demonstration Information as described in Table 2.

## **Stage 3 – Detailed Environmental Impact Assessment Study and Pipeline Design**

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*Indicative timescale to complete Stage 3 is up to 24 months*

1. Undertake the detailed Environmental Impact Assessment (Level 3 Options Appraisal).
2. Undertake the detailed Pipeline Design in accordance with the Environmental Impact Assessment Study.
3. Draft the Environmental Study Report and the Development Consent Order (DCO) documentation.
4. Draft an outline agreement for Stage 4 – Submit the application for a Development Consent Order.
5. Stage 3 Customer Review: *outputs* with the customer.
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 drop-out clause for Stage 4.
7. National Grid NTS will provide the customer with Demonstration Information as described in Table 2.

### **Stage 4 – Submit the planning application for a Development Consent Order (DCO)**

*Indicative timescale to complete Stage 4 is up to 15 months*

1. Finalise the planning application documentation; internal challenge and review.
2. Progress update with the customer – provide overview of the finalised planning application prior to submission to the Planning Inspectorate.
3. Submit the planning application to the Planning Inspectorate.

*(Approximately 3 months to submission)*

4. [National Grid NTS will, in agreement with the customer, purchase any long-lead items [under indemnity?]].
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 the receipt of the DCO approval:

6. The customer will have 28 days in which to inform National Grid NTS if it wishes to activate the drop-out clause for Stage 5.
7. Where the customer is not ascribed to the UNC, it must assign (and inform National Grid NTS as such) of the User (UNC signatory) to which the formal capacity allocation will be made.
8. National Grid NTS will provide the customer with Demonstration Information as described in Table 2.

### **Stage 5 – Construction of NTS reinforcement (assuming DCO approval)**

*Indicative timescale to complete Stage 5 is up to 24 months*

1. Discharge of any planning conditions attached to the DCO.

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2. Construction; assuming long-lead items purchased (under indemnity) prior to receipt of the DCO approval.
3. National Grid NTS will provide the customer with Demonstration Information as described in Table 2.

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