PARCA External High Level Overview - Draft

Overview

Overview of Key Elements of each Phase

Phase	Phase 0	Phase 1	Phase 2	Phase 3
What?	Pre-PARCA Discussions	Network Capability & Investment Options	Capacity Reservation and Planning Submission Activites	Capacity Allocation & Construction Activities
Outputs		Investment Need Case Report, Technical Options Report, Indicative Capacity Reservation Date, Indicative Capacity Allocation Date, Indicative Capacity Delivery Date, Indicative Capacity Charges, Indicative Security Amount (e.g. Reservation Amount or Phase 2 Works)	Strategic Options Assessment, Outline Routing and Siting, Detailed Routing & Environmental Impact Assessment, DCO Application Development & Submission, Post Capacity Allocation Revenue Driver	Construction Activities
NGG Funding		Standard Fee. Customer funded with a reconciliation to actual costs	Pre-Capacity Allocation Revenue Driver (Socialised and Customer Securitises)	Post-Capacity Allocation Revenue Driver (Socialised)

Phase 0

- Bi-lateral discussions between National Grid & Customer
- Customer submits Pre-PARCA Assessment
- Indicative NPV based upon Customer's Capacity requirements (if needed)
- Generic PARCA Contract updated with Customer Information
- Credit Check on Customer undertaken
- Customer Signs PARCA
- Invoice for PARCA Phase 1 Fee issued to Customer
- Customer Pays PARCA Phase 1 Fee
- NGG Signs PARCA

Phase 1

- NGG undertake Network Capability Assessment
- NGG identify whether existing system capability or Substitution can be used to provide capacity or whether Phase 2 Works (e.g. network reinforcement or a contractual solution) is required
- Phase 1 Outputs produced (as listed above)
- National Grid Calculate Costs of Producing Phase 1 Outputs
- Cost reconciliation undertaken with Customer
- Phase 1 Outputs Issued to Customer
- If the customer does not wish to continue with the process, they can cancel the PARCA at the end of Phase 1
- If NGG has identified that Phase 2 Works are not required in the Phase 1 Outputs, the Customer can cancel the PARCA and can obtain Capacity via the existing Auction / Application processes (Capacity is not guaranteed)
- If NGG has identified that Phase 2 Works are not required in the Phase 1 Outputs, the Customer can progress to Phase 2 and capacity will be reserved (subject to relevant security being provided) until their Capacity Allocation Date (as specified in the Phase 1 Outputs). Continued capacity reservation is subject to provision of demo info
- If NGG has identified that Phase 2 Works are required in the Phase 1 Outputs, the Customer can progress to Phase 2 and capacity will be reserved (subject to relevant security being provided) whilst NGG undertake the Phase 2 Works. The Customer is required put in place appropriate security to cover the value of the anticipated costs required by NGG for the period up to the Capacity Allocation Date.
- NPV Test Undertaken (if Requried)
- NPV Test Undertaken (if Requried)

Phase 2

Where Phase 2 Works are not required

- Customer securitises Reservation Amount
- Capacity is reserved and is therefore unavailable for other NTS Users
- Customer continues to securitise Reservation Amount and provide demonstration info until until their Capacity Allocation Date or until they decide to cancel the PARCA
- Should the Customer cancel the PARCA, NGG will invoice them for the Reservation Amount. Any reserved capacity is made available to other Users

Where Phase 2 Works are required

- Customer securities the value of the anticipated costs for the period up to the Capacity Allocation Date
- Capacity is reserved and is therefore unavailable for other NTS Users
- NGG undertakes Planning activities and issues Phase 2 Outputs to Customer
- Pre Capacity Allocation Revenue Driver Triggered
- Customer continues to provide demo info & Security for subsequent years of the Phase 2 Works or until they decide to cancel the PARCA
- Should the Customer cancel the PARCA, NGG will invoice them for all costs incurred up to the time of termination. Any reserved capacity is made available to other Users
- Post Cap Allocation Revenue Driver is Calculated (as per Generic Revenue Driver Methodology)
- Planning Submission (DCO) Submitted (if required) and Approved by SoS
- NEXA / NEA / SCA / Interconnector Agreement discussions can begin

Phase 3

Where Phase 3 Works are not required

- NPV Test Undertaken (if Requried)
- Upon confirmation from Customer, Reserved Capacity is Allocated to he relevant User

Where Phase 3 Works are required

- NPV Test Undertaken (if Requried)
- Upon confirmation from Customer, Reserved Capacity is Allocated to he relevant User
- NGG undertake Phase 3 Works Activities and produce relevant outputs
- Post Capacity Allocation Revenue Driver Triggered
- Customer provides demo info throughout PARCA lifecycle
- Phase 3 Works Finish
- UNC User Commitment Applies (if requried)
- Customer 1st Gas Date
- NEXA / NEA / SCA / Interconnector Agreement Finalised