









| UNC Workgroup Report | | At what stage is this document in the process? |
|---|--|---|
| <h1>UNC 0628S:</h1> <h2>Standard Design Connections: PARCA process</h2> | | <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; padding: 5px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div> |
| <p>Purpose of Modification:</p> <p>This modification will introduce the Standard Design Connection to the PARCA¹ processes.</p> | | |
|  | <p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to self-governance. <p>The Panel will consider this Workgroup Report on 21 June 2018. The Panel will consider the recommendations and determine the appropriate next steps.</p> | |
|  | <p>High Impact:</p> <p>None</p> | |
|  | <p>Medium Impact:</p> <p>None</p> | |
|  | <p>Low Impact:</p> <p>Transporters, Shippers and Consumers</p> | |

¹ PARCA Planning and Advanced Reservation of Capacity Agreement

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| Timetable | | |
| The Proposer recommends the following timetable: | | |
| | | |
| Initial Consideration by Workgroup | 02 November 2017 | |
| Workgroup Report presented to Panel | 21 June 2018 | |
| Draft Modification Report issued for consultation | 22 June 2018 | |
| Consultation Close-out for representations | 13 July 2018 | |
| Final Modification Report available for Panel | 16 July 2018 | |
| Modification Panel decision | 19 July 2018 | |

1 Summary

What

This is a modification which seeks to introduce the Standard Design Connection to the PARCA process within UNC. The Standard Design Connection will be defined within the UNC under the Application to Offer (A2O) connection process and UNC Modification 0629S - Standard Design Connections: A2O connection process modification, raised in parallel to this modification. (Please see: <https://www.gasgovernance.co.uk/0629>). The Standard Design connection has been developed by Project CLoCC² pre-approved and pre-appraised designs which allow a quicker and cheaper connection to the NTS. In order for the customer to utilise this Connection Offer the customer may require to also be able to secure capacity to the NTS via the Planning and Reservation of Capacity Agreement (PARCA) process within similar timescales.

Why

The process for reserving capacity for a Standard Design Connection customer and the A2O process for receiving a connection offer to the NTS require aligning. In order to allow an accelerated route through the PARCA application process for a Standard Design Connection, the PARCA process requires amending. Both time and cost may be saved due to the introduction of a Capacity Indicator, containing up front analysis in the new Connections Portal, being delivered by Project CLoCC in October 2018. The new connections portal enables an accelerated capacity process for a Standard Design Connection for customers with a Green indicator. A Green indicator signifies that National Grid could possibly substitute capacity from another location to this new connection.

How

By changing the relevant sections of UNC to allow the introduction of an accelerated route through the PARCA process for a Standard Design Customer with a Green Indicator.

2 Governance

Justification for Self-Governance

The Modification Panel determined that this modification is suitable to follow Self-Governance procedures as it is unlikely to have a material impact on consumers, competition, operation of the pipeline system, matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies, or governance procedures. In addition, it is unlikely to unduly discriminate between different classes of parties to the UNC. This is on the basis that it seeks to make a minor change by introducing an accelerated route through the PARCA process for a Standard Design Customer with a Green capacity indicator.

² CLoCC Customer Low Cost Connections

Requested Next Steps

This modification should:

- be considered a non-material change and subject to self-governance;
- be issued to consultation.

3 Why Change?

Background

Project CLoCC is a Network Innovation Competition project with the objective of reducing the time and cost of connection to the National Transmission System (NTS). Project CLoCC will deliver Standard Designs which are pre-appraised and approved in order to achieve the objectives. Currently UNC defines the Capacity PARCA process and this will need amending to align the timing of the reservation of capacity with the A20 process for receiving a connection Offer to the NTS. This should then allow the Standard Designs to be more effectively implemented and utilised by potential customers.

Resolution

In order to deliver Standard Designs, the UNC is required to be modified to allow for the definition of a Standard Design Connection which can then have a more appropriate efficient and economic process applied for the customer. It is proposed that it is appropriate to have an accelerated PARCA Stage 1 process for a Standard Design Connection with different costs and timelines associated compared with a non-standard design. In order to fully achieve the above, the PARCA process should be aligned where possible to the timeline for the A20 Offer process by introducing the accelerated route through PARCA Phase 1 for a Standard Design Connection customer with a Green Capacity Indicator. This is possible due to the introduction of a Capacity Indicator containing up front analysis in the new online Connections Portal to be delivered by Project CLoCC in October 2018.

In particular, to achieve the principles as proposed in the solution section 5 below.

4 Code Specific Matters

Reference Documents

TPD B, Y.

Knowledge/Skills

NTS Capacity - PARCA processes.

5 Solution

Solution

It is proposed that TPD is amended to allow for the following principles to apply:

1. Prior to submitting a PARCA application the applicant will obtain a capacity indicator as this establishes the fee to be paid.

2. Introduction of an accelerated route through the PARCA process for a Customer with a Green capacity indicator. (TPD B1.15 / 1.17)
 - a. National Grid will, as soon as reasonably practical, validate the PARCA Capacity Indicator associated with a Competent PARCA application as follows.
 - i. Where a Green Capacity indicator is associated to the PARCA within 2 weeks of notice of Competent PARCA application as described in B1.15.4 confirm to the PARCA Applicant the output of the Validation is either to remain classed as Green or to be classed as Red.
 - ii. Where an Amber capacity indicator is associated to the PARCA within 4 weeks of notice of Competent PARCA application as described in B1.15.4 to notify the PARCA Applicant the output of the validation is either to be classed as Green or to be classed as Red
 - iii. If the relevant fee the PARCA Applicant has paid is different to the fee for the output of the validation, then a further relevant fee will be required to be paid.

Note: If the PARCA application has an Amber capacity indicator associated then it will be treated as Green (same rules as above will apply).

PARCA scenarios discussed to be taken account of are in the attached document in Appendix A for reference.

3. To determine the time that an accelerated PARCA application will take, taking account of the different potential scenarios - see attached appendix A (ref TPD B 1.17.1)
 - i. If the PARCA application has a validated Green capacity indicator associated then the Phase 1 PARCA Works shall be completed within the following timescales:

Where the PARCA Window is open for 20 consecutive business days, within 3 months from the date of initiation of the Phase 1 PARCA works.

Where the PARCA window is open for 40 days consecutive business days, within 4 months from the date of initiation of the Phase 1 PARCA works.

If this indicator later changes to a Red Capacity indicator due to any of the following:

 1. Network Analysis Validation process by National Grid determines full time required up to 6 months
 2. Interacting applications received within the PARCA window which results in additional network analysis requirement.

Then the PARCA Phase 1 works will be delivered within 6 months.
4. To allow appropriate and proportionate PARCA application fees. (TPD Y 5.45)
 - a. To allow PARCA fees to be different (ref Y.S5.45.a.ii)
 - b. To allow for a fee appropriate to a Green capacity indicator (simple).
 - i. For this fee to also be applied to an Amber capacity indicator – To be set out in the Connections Charging Statement.

- c. To allow for a Top up fee in the situation where a Green (or Amber) Capacity indicator is later changed to a Red Capacity indicator attracting the full PARCA fee (complex - up to 6 months) following validation or due to the impact of interacting applications received through the PARCA window – to be set out in the Connections Charging Statement.
5. Update defined terms specific to PARCA e.g. Capacity Indicator (any not covered in UNC Modification 0629S).

A Capacity Indicator – is a traffic light indication of capacity availability provided by the Online connections portal or by National Grid directly. Green, Amber or Red indication is given to indicate the availability of capacity based on the likely ability to satisfy the request through existing capacity at the location or capacity substitution from another location.

Note: UNC Modification 0629S for Standard Design Connection Capacity - A2O modification is being developed by Workgroup in parallel. Please see: <https://www.gasgovernance.co.uk/0629>

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

A PARCA Process flow diagram, used during Workgroup development, is included as Appendix D and shows the flow of work.

Workgroup sought reassurance that the overall process would not be lengthened, especially for those projects which are more complex. Appendix B shows the timelines and red, amber and green worked examples provided by National Grid. Workgroup agreed that the timelines showed that the overall process should not be lengthened because the validation of the indicator occurs during Phase 1 Works.

Consumer Impact Assessment

Criteria

Extent of Impact

Which Consumer groups are affected?

A more efficient process for bringing gas to the market will benefit all consumers.

Consumers requiring an NTS connection may be able to utilise a more efficient and cost effective process of securing capacity through a PARCA.

Entry and Exit PARCA applicants who receive a green capacity indicator are more likely to benefit from reduced fees and a quicker process.

| | |
|---|--|
| <p>What costs or benefits will pass through to them?</p> | <p>The PARCA fee will be reduced, in line with the figures released in the Connection Charging Statement. It is expected that the fees will be as follows (effective from 30 October 2018 and subject to consultation):</p> <ul style="list-style-type: none"> • PARCA – simple – Green/Amber : £53,000 • PARCA – complex – Red: £121,000 • PARCA – Top Up fee: £68,000 <p>(https://www.nationalgrid.com/sites/default/files/documents/Charging Statement Revision 6.pdf) this link does not work</p> |
| <p>When will these costs/benefits impact upon consumers?</p> | <p>Project CLoCC will go live on 30 October 2018.</p> |
| <p>Are there any other Consumer Impacts?</p> | <p>None</p> |
| <p>General Market Assumptions as at December 2016 (to underpin the Costs analysis)</p> | |
| <p><i>Number of Domestic consumers</i></p> | <p><i>21 million</i></p> |
| <p><i>Number of non-domestic consumers <73,200 kWh/annum</i></p> | <p><i>500,000</i></p> |
| <p><i>Number of consumers between 73,200 and 732,000 kWh/annum</i></p> | <p><i>250,000</i></p> |
| <p><i>Number of very large consumers >732,000 kWh/annum</i></p> | <p><i>26,000</i></p> |

Cross Code Impacts

None.

EU Code Impacts

None.

Central Systems Impacts

None.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

| Relevant Objective | Identified impact |
|--|-------------------|
| a) Efficient and economic operation of the pipe-line system. | Positive |
| b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters. | None |
| c) Efficient discharge of the licensee's obligations. | Positive |
| d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers. | Positive |
| e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers. | None |
| f) Promotion of efficiency in the implementation and administration of the Code. | None |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

Relevant Objectives for Section Y (Charging Methodology) Modifications

| Impact of the modification on the Relevant Charging Methodology Objectives: | |
|---|-------------------|
| Relevant Objective | Identified impact |
| a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business; | None |
| aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> (i) no reserve price is applied, or (ii) that reserve price is set at a level - <ul style="list-style-type: none"> (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers; | None |
| b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business; | Positive |
| c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and | Positive |
| d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets). | None |
| e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

The Proposer considers that this modification furthers relevant objective a) and c) and d) because it introduces appropriate changes into the UNC to align the reservation of capacity with the Connections process in order to facilitate the introduction of more efficient processes for gas connections to the NTS.

The Proposer considers that modification furthers Section Y relevant objective b) and c) because it introduces appropriate changes into the charging methodology within the UNC to take into account the aligning of the reservation of capacity with the Connections process in order to facilitate the introduction of more efficient processes for gas connections to the NTS, potentially opening up the NTS to new customers.

The Workgroup agreed with the Proposer’s view of furthering of standard relevant objectives a), c) and d) from the standard table and equally the Workgroup agreed with the proposer’s view that Section Y relevant objectives b) and c) are furthered. This is because the Modification Proposal introduces appropriate changes into the UNC to align the reservation of capacity with the Connections process in order to facilitate the introduction of a more efficient and cost effective process for new gas connections to the NTS.

8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

Project CLoCC live date will be 30 October 2018 and therefore the effective implementation date for the Modification should also be 30 October 2018.

The timetable proposed is to ensure delivery of the modification ahead of the Project delivery date and to allow time for other consultations required following Modification implementation decision.

9 Legal Text

Text Commentary

| Paragraph | Explanation |
|----------------|--|
| TPD B1.14.14 | New paragraph to add Capacity Indicator |
| TPD B1.14.15 | New paragraph to set out process for obtaining an Indicative Capacity Indicator |
| TPD B1.14.16 | New paragraph to set out that National Grid will notify of indicative Capacity Indicator and that the Indicator assumes that the PARCA application will be consistent with the request for the Capacity indicator. |
| TPD B1.15.9 | New paragraph to set out timescales for notification of the indicative indicator |
| TPD B1.15.10 | New paragraph to set out what constitutes a Green, Amber, Red Capacity indicator |
| TPD B1.15.11 | New Paragraph to set out the conditions in which National Grid may re-assign the Capacity Indicator |
| TPD B1.17.1 | Amended to include the timescales for receipt of Phase 1 PARCA works report for applications with Green Capacity indicator assigned. |
| TPD Y 45 a i | Amended to reference the Charges set out in the Charging Statement |
| TPD Y 45 a ii | Amended to allow for fees to be different determined by the Indicative Capacity indicator |
| TPD Y 45 a iii | Added to allow for the change of Capacity Indicator after fee has been paid e.g. Green to Red requiring a Top Up fee to be paid. |

Text

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SYSTEM CAPACITY

Insert new paragraphs 1.14.14, 1.14.15 and 1.14.16 to read as follows:

1.14.14 In relation to a PARCA Application a "Capacity Indicator" is a classification (green, amber or red) assigned to a PARCA Application following National Grid NTS's initial assessment of whether or not National Grid NTS expects to be able to make available the System Capacity applied for under the PARCA Application.

1.14.15 Prior to submitting a PARCA Application the PARCA Applicant must obtain an indicative Capacity Indicator from National Grid NTS by submitting a request for such to National Grid NTS (by such means, and by submitting such information, as National Grid NTS shall establish and make available and publish from time to time).

1.14.16 Where the Applicant User submits a request in accordance with National Grid NTS's requirements under paragraph 1.14.15 National Grid NTS shall as soon as reasonably practicable notify the PARCA Applicant of the indicative Capacity Indicator which National Grid NTS expects to assign to a PARCA Application where the application is consistent with the information submitted by the PARCA Applicant under paragraph 1.14.15.

Insert new paragraphs 1.15.9, 1.15.10 and 1.15.11 to read as follows:

1.15.9 National Grid NTS will assign a Capacity Indicator to a PARCA Application, and shall notify the PARCA Applicant of the assigned Capacity Indicator:

- (a) where the indicative Capacity Indicator is green or red, within ten (10) business days;
- (b) when the indicative Capacity Indicator is amber, within twenty (20) business days

following National Grid NTS's confirmation the application is a Competent PARCA Application.

1.15.10 The indicative Capacity Indicator notified by National Grid NTS in response to a request under paragraph 1.14.15 and the Capacity Indicator assigned to a Competent PARCA Application under paragraph 1.15.9 shall be:

- (a) green, where National Grid NTS expects to be able to make available the System Capacity applied for from the capacity available at the location which capacity is applied for, or by substitution of capacity from another location;
- (b) amber, where National Grid NTS needs to undertake further analysis before it can determine whether or not it expects to be able to make available the System Capacity applied for from the capacity available at the location which capacity is applied for, or by substitution of capacity from another location;
- (c) red, where National Grid NTS expects not to be able to make available the System Capacity applied for or National Grid NTS needs to undertake further analysis before it can determine whether or not it expects to be able to make available the System Capacity applied for.

1.15.11 Where a PARCA Application is assigned a green Capacity Indicator National Grid NTS may re-assign the application with a red Capacity Indicator following the commencement of the Phase 1 PARCA Works where:

- (a) National Grid NTS determines, acting reasonably, that for reasons outside its control, it will require up to six (6) months to complete the works;
- (b) as a result of further PARCA Applications received during the PARCA Window (in relation to the PARCA Application), National Grid NTS is required to undertake additional network analysis for the purposes of completing the Phase 1 PARCA Works.

Amend paragraph 1.17.1 to read as follows:

1.17.1 Where Phase 1 PARCA Works have been initiated National Grid NTS shall complete the works as soon as reasonably practicable and in any event by no later than, in the case of a PARCA Application for which the assigned Capacity Indicator is:

- (a) green and where the PARCA Window is closed after 20 (twenty) Business Days in accordance with paragraph 1.16.1, within three (3) months;
- (b) green and where the PARCA Window remains open after 20 (twenty) Business Days in accordance with paragraph 1.16.1, within four (4) months;
- (c) red, within six (6) months

from the date on which National Grid NTS initiated the Phase 1 PARCA Works.

SECTION Y – CHARGING METHODOLOGIES

The Gas Transmission Connection Charging Methodology

Amend Section 5 (Reservation of Capacity through a PARCA), paragraph 45 to read as follows:

45. Phase 1 PARCA Works

- a) The PARCA Application Fee:
 - i. shall be in accordance with the schedule of fees set out in the prevailing 'Statement for Gas Transmission Connection Charging' document published by National Grid NTS in accordance with Standard Licence Condition 4B of National Grid NTS's Transporters Licence; and
 - ii. shall be determined in respect of a PARCA Application by reference to the indicative Capacity Indicator notified by National Grid NTS in accordance with Section B1.14.16;
 - iii. shall be subject to an appropriate adjustment (in accordance with the schedule of fees set out in the prevailing 'Statement for Gas Transmission Connection Charging' document) where a PARCA Application is assigned (or re-assigned) a Capacity Indicator (which differs from the indicative or prevailing assigned Capacity Indicator) in accordance with Sections B1.15.9 or B1.15.11.
- b) Actual costs of the Phase 1 PARCA Works will be assessed and the difference (if any) between the PARCA Application Fee and the actual costs incurred by National Grid NTS to complete Phase 1 PARCA Works will either:
 - i. in case the Phase 1 PARCA Works are in excess of the PARCA Application Fee, be invoiced to the PARCA Applicant; or

- ii. in case the PARCA Application Fee exceeds the Phase 1 PARCA Works, be refunded by National Grid NTS to the PARCA Applicant.
- c) The PARCA Application Fee payable by the PARCA Applicant will be reviewed, updated and published on an annual basis to reflect any changes to National Grid NTS costs associated with completing Phase 1 PARCA Works.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that this self-governance modification should proceed to consultation.

11 Appendix A – PARCA Scenarios – accelerated route – Workgroup Development

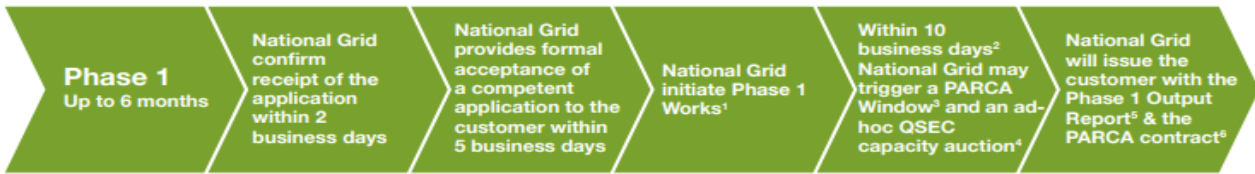
PARCA Scenarios – accelerated route – Workgroup Development

| Option | Indicator | Validation | Window | PARCA Stage 1 impact |
|------------------------------------|-----------|------------|--------|--|
| A Green no apps in window | Green | Green | Green | Best case – shorter window can offer quickest. Green timeline. |
| B Green apps in window stays Green | Green | Green | Green | Window open longer but can potentially offer after window closed. Green timeline |
| C Green apps in window turns Red | Green | Green | Red | App turns red due to another App in the window interacting. Red timeline. |
| D Green/Red | Green | Red | Red | Green is Validated a Red. Unlikely but possible. Red Timeline |
| E Amber /Green | Amber | Green | Green | Amber is validated as Green and stays Green. Green timeline. |
| F Amber /Green /Red | Amber | Green | Red | Amber is validated as Green but after window is red. Red timeline |
| G Amber/ Red | Amber | Red | Red | Amber validated as Red. Red timeline |
| H Red | Red | Red | Red | Red timeline |

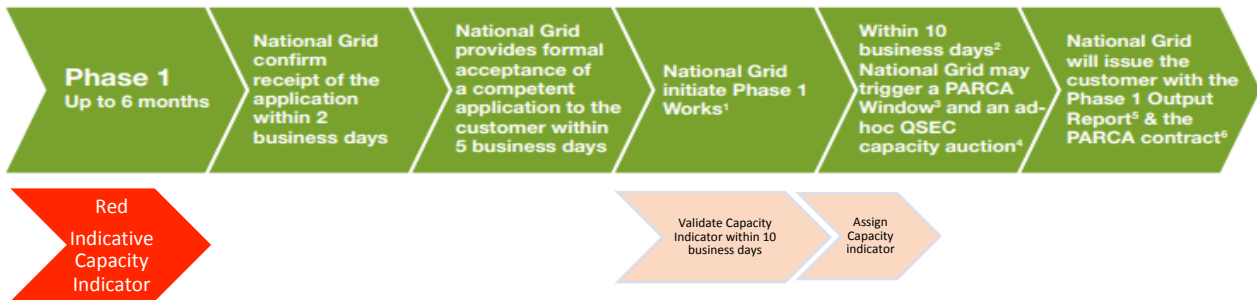
“Apps” – refers to PARCA applications received within the PARCA window.

12 Appendix B - PARCA TIMELINE EXAMPLES

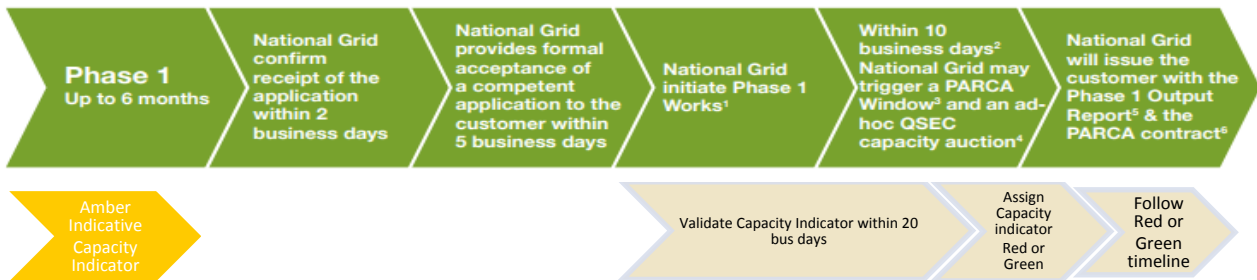
A: Existing Timeline



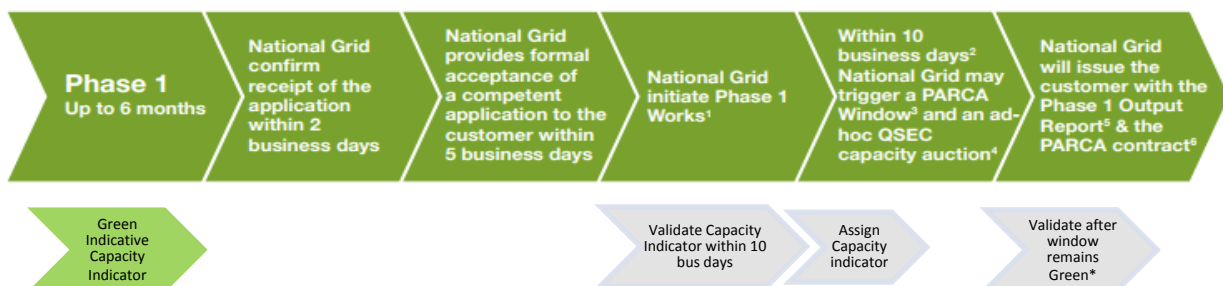
B: Red Capacity Indicator Timeline



C: Amber Capacity Indicator Timeline



D: Green Capacity Indicator Timeline

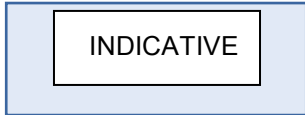


issue Phase 1 PARCA within 3 months if the Window is closed after 20 business days for a Green Capacity Indicator assigned PARCA.

*If Red follow Red timeline.

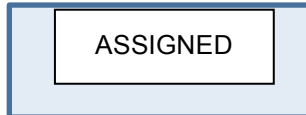
13 Appendix C - Capacity indicator Types & Fees

PRE PARCA APPLICATION



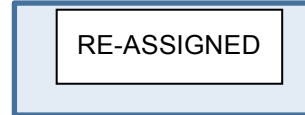
Determines Fee
Green/Amber or Red

COMPETENT APPLICATION



Top up fee if required

POST PARCA WINDOW



Top up fee if required



PREVAILING ASSIGNED CAPACITY INDICATOR IS LATEST

14 Appendix D – PARCA Process Flow Diagram

The diagram is shown over two pages.

