

FTAO
Gas Systems Integration
Energy Systems
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Craig Dyke
Gas Network Development Manager
Transmission Network Service,
National Grid
Craig.Dyke@nationalgrid.com
Direct Tel: +44 (0)1926 653397

www.nationalgrid.com

01st April, 2016

Our Ref: 2016 - BP Kinneil - PARCA

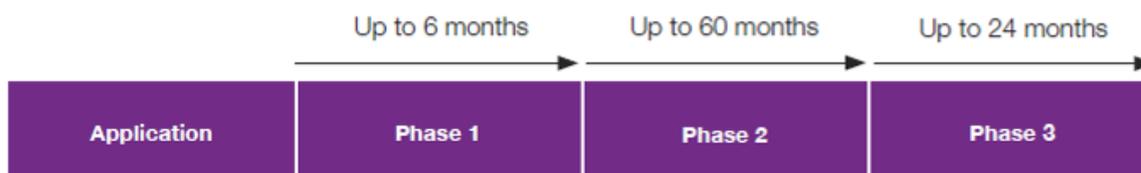
Dear Industry Colleagues,

BP Kinneil PARCA ExCS Informal Notice (including Exit Substitution & Baseline Revision)

National Grid Gas plc ("National Grid") received a Planning and Advanced Reservation of Capacity Agreement (PARCA) application on 03rd July, 2015. The application achieved Competency¹ on 25th August, 2015. The application requested firm Enduring Annual NTS Exit (Flat) Capacity² in excess of the prevailing baseline capacity level at the BP Kinneil³ offtake. The application requested up to:

- 6,264,000 kWh/d from 01st January, 2018

The PARCA application triggered Phase 1 of the PARCA process on 1st October, 2015⁴ after the July Exit Capacity process



As part of the Phase 1 works, National Grid completed network analysis to identify the most appropriate and robust solution to accommodate the Exit capacity being requested. The Phase 1 process identified that the Exit capacity request could be met by;

- Reserving **non-obligated exit capacity** up to the indicated value from 01st January, 2018 to 30th September, 2019.
- Reserving exit capacity at BP Kinneil via the substitution of unsold exit capacity from 1 (one) exit point in the vicinity of BP Kinneil from 01st October, 2019.

¹ As per Uniform Network Code, Transportation Principal Document, Section B – System Use and Capacity, para. 1.15.4.

² Please note that this notice contains terminology relating to Exit Capacity which is used in the Licence and in the Uniform Network Code ("UNC"). Licence defined capacity terms are given in **bold italics**.

³ Request to modify Table 8 of Special Condition 5G of National Grid Gas plc's Gas Transporter Licence in respect of the NTS with inclusion of 'Kinneil CHP'.

⁴ As per Uniform Network Code, Transportation Principal Document, Section B – System Use and Capacity, para. 1.16.4.

The Exit capacity will be available for reservation from 01st April, 2016.

The Exit capacity must be allocated to a nominated User by 01st June, 2017. Substitutable capacity is subject to capacity being allocated to a nominated User. The capacity will be registered, as requested by The PARCA Applicant, from 01st January 2018. As a developer, The PARCA Applicant will identify a shipper prior to allocation.

This informal notice signifies the end of PARCA Phase 1 and is the first opportunity for industry parties to raise any concerns around the method to meet the additional capacity request in this location.

If the Exit capacity is not allocated to a nominated User by 01st June, 2017 National Grid has the right to terminate the PARCA. If the PARCA is terminated then the proposed solution will not be progressed. Ofgem and other NTS users will be notified of allocation or termination with non-allocation.

Application for Exit Capacity Release

Substitution of Unsold Exit Capacity from 01st October, 2019

As part of the PARCA Phase 1 works National Grid completed network analysis to assess what impact the Exit capacity had on the existing network. Constraints were identified in the existing network which meant that options needed to be assessed in order to identify the most appropriate and robust solution to accommodate the Exit capacity.

In accordance with the Licence⁵, substitution⁶ of **Non-incremental Obligated Exit Capacity** has been assessed and identified as being able to meet the Firm Enduring Annual NTS Exit (Flat) Capacity requirements in excess of the prevailing baseline NTS Exit Capacity at the BP Kinneil NTS Exit Point in full.

National Grid therefore proposes that from 01st October, 2019;

- all of the additional Baseline NTS Exit Capacity identified at the BP Kinneil exit point can be met by substituting unsold NTS Baseline Exit Capacity from 1 (one) NTS Exit Point (See table below).

Statement of proposed *Non-incremental Exit Capacity* substitution in accordance with Special Condition 5G paragraph 6 (formerly paragraph 4(a)(iv) of Special Condition C8E) of the Licence:

Recipient NTS Exit Point	Donor NTS Exit Points	Capacity Substituted from Donors (kWh/d)	Exchange Rate Recipient: Donors	Substitution effective date
BP Kinneil	13 (See table)	7,041,395	1 : 1.1241052	01/10/2019

Baseline Modification Proposal:

NTS Exit Point	Type	Recipient /Donor	Current Baseline (kWh/d)	Proposed Baseline (kWh/d)	Remaining unsold capacity (kWh/d)
BP Kinneil	DC	Recipient	0	6,264,000	0
Glenmavis	DN	Donor	145,790,000	138,748,605	10,486,261

⁵ Special Condition 5G (formerly paragraph 3(c)(i) of Special Condition C8E).

⁶ During October 2015, the Authority approved the Exit Capacity Substitution and Revision Methodology Statement (the "Methodology") pursuant to Special Condition 9A.

Appendix 1 provides additional information regarding the proposal to demonstrate that National Grid has determined its proposals for Exit capacity substitution in accordance with the Methodology. Substitution is subject to the capacity being allocated to a nominated User on 01st June, 2017 and the PARCA following through to completion. If for any reason the capacity is not allocated or the PARCA is terminated then substitution will not be required.

I would therefore be grateful if you could acknowledge receipt of this written proposal and the date on which it was received.

If you require any further information, please contact myself or Jon Dutton, Gas Network Capability Manager on 01926 655 048.

Yours sincerely,

Craig Dyke
Gas Network Capability Manager
Transmission Network Service
National Grid