

**Transmission Planning Code (PARCA version)
Consultation Report**

02nd March 2015

Introduction

National Grid Gas Plc (“National Grid”) has an obligation to prepare and consult on a Transmission Planning Code (“TPC”) pursuant to Special Condition 7B of our Gas Transporter Licence in respect of the NTS (“the Licence”). The Licence also requires us to maintain the TPC and periodically review it at least once every two years. We are required to consult on any proposed changes to the TPC and submit the findings of the review, any proposed amendments and any representations received during the Consultation to the Authority for approval.

This report seeks approval from the Authority to amend the TPC (in accordance with Licence Special Condition 7B) and, as such, contains the outcome of the review and details of the consultation, and is submitted together with the proposed amendments and representations.

Background

The TPC covers three Licence requirements¹, namely:

1. to provide a description of the main material technical factors that affect the planning and development of the National Transmission System (“NTS”),
2. to outline a methodology to determine the physical capability of the NTS,
3. to outline our assumptions on likely developments in the patterns and levels of gas supply and demand on the NTS, and assumptions as to the operation of the NTS under different gas supply and demand scenarios.

We reviewed the TPC in 2014 in line with our Licence obligations. During the course of the 2014 review, we had intended to consult separately on two versions of the TPC, one of which included the introduction of the Planning & Advanced Reservation of Capacity Agreement (PARCA) arrangements and one which did not, recognising that at the time an Ofgem decision was anticipated on the UNC Modifications seeking to introduce the PARCA arrangements. Pre-Consultation drafts of PARCA and non-PARCA versions of the TPC were published on our website on Thursday, 3rd July, 2014.

By the time we were in a position to launch our 2014 TPC Consultation, it had become apparent that the PARCA arrangements could not be implemented for 1st October, 2014 and therefore we consulted on the non-PARCA version of the TPC only. In the Consultation letter we stated that if a decision was made to implement the PARCA arrangements at a later date we would consult on a PARCA version of the TPC, revised if required.

The non-PARCA TPC was subsequently approved by The Authority for implementation on 1st October 2014.

As a result of the decision by The Authority to direct UNC Modification 0465V, introducing the PARCA arrangements, for implementation, we have carried out an industry consultation on a PARCA version of the TPC.

¹ Special Condition 7B, Part A of National Grid Gas Plc's Gas Transporter Licence in respect of the NTS

Customer & Stakeholder Engagement

Consistent with our approach in the 2014 Consultation, we published on our website pre-Consultation drafts of the TPC (v 4.1 clean and mark-up) on 14th January 2015, with the aim of providing additional time for views to be provided. Also, consistent with our approach in the 2014 Consultation, we also published supporting information in a “TPC Change Summary” spreadsheet (v0.3) to provide an overview of the changes made. We notified the industry via the Joint Office of Gas Transporters that we were commencing our review of the TPC, provided details on the web location of all the necessary documents and invited views on the pre-Consultation drafts.

As a result of feedback received during the pre-Consultation we made one further change to the document and published Consultation versions of the TPC (v4.2 clean and mark-up). Again, consistent with our approach, we provided supporting information in the “TPC Change Summary” spreadsheet (v0.4). We notified the industry, via the Joint Office of Gas Transporters, of the commencement of the TPC Consultation.

Responses

Representations were received from two respondents listed below.

- National Grid Distribution
- Energy UK

National Grid Distribution was comfortable with changes made, however Energy UK noted a number of issues which it felt required attention. A high level, but not exhaustive, summary of the more substantive issues along with our response and any actions taken is provided in the table below.

Issue	National Grid NTS Response	Action
In a number of places the TPC seems to suggest that the existing entry capacity auctions, and annual and ad-hoc exit capacity processes, can be used to drive investment plans by National Grid. Whilst it was noted that these processes can be used to signal the need for additional or incremental capacity, where that capacity cannot be met from obligated capacity, via substitution or the release of non-obligated capacity, a PARCA will be required where National Grid needs to undertake investment to deliver the required capacity.	We agree	In the paragraphs identified we have made changes to clarify the role of PARCA in the release of incremental capacity where investment is required.
The document could usefully reference the PARCA demonstration date that would need to be provided before capacity is allocated.	We agree	References and web-links have been made to both the UNC and National Grid's 'Planning & Advanced Reservation of Capacity Agreement (PARCA), A Guide for Customers' document.
The document needs to reflect that a revenue driver would be expected to be in place prior to allocation of additional entry or exit capacity	We agree	Changes have been made to the relevant paragraph where this has been observed.

rather than the auction processes		
Will the change to the start of the gas day to 0500 from 1 October 2015 impact the time of maximum line pack?	National Grid expects the time of maximum line to remain at approximately 06:00 as the change of gas day is not expected to change exit user behaviour	Inserted footnote to clarify
Is any account taken of within-day flow variations from 1/24th rate at entry points.	National Grid will consult on inclusion of within-day variation within the planning process via the forthcoming NTS System Flexibility engagement activities	No change
What does this three year period relate to does that need to change to reflect the timescale under the current planning regime?	The three year period relates to the investment lead time in place prior to the introduction of the PARCA arrangements.	Removal of 'typical three year' reference

Submission of TPC for Authority Approval

This Consultation Report accompanies the submission of TPC v4.3 to the Authority for approval on 2nd March 2014. National Grid Gas (NTS) considers that the proposed changes to the TPC document meet the Licence requirements and seeks approval from the Authority to amend the TPC.