



Making a positive difference
for energy consumers

Craig Dyke
Gas Network Development
Manager
National Grid
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Direct Dial: 020 7901 7105
Email: paul.branston@ofgem.gov.uk

Date: 1 April 2015

Dear Craig

Decision on the Transmission Planning Code 2015

Thank you¹ for submitting the draft Transmission Planning Code (TPC) on 16 March 2015 to us² for approval. After careful consideration, we have decided to approve your proposed changes to the TPC. We outline our reasons for doing so below.

Background

Special Condition 7B of National Grid Gas (NGG) gas transporter licence requires you to maintain, implement and comply with a TPC which:

- covers all material aspects relating to the planning and development of the NTS that may have a material impact on users of the NTS
- includes a methodology to determine the physical capability of the NTS
- includes detailed planning assumptions about likely developments in the patterns and levels of gas supply and demand on the NTS, and about the operation of the NTS under different gas supply and demand scenarios.

You have an obligation to review and consult on the TPC at least every two years and if so requested by us in consultation with interested parties likely to be materially affected by the review. Within 28 days of completing the review you have an obligation to send us

- (a) a report on the outcome of the review
- (b) a statement on proposed changes that would better fulfil the requirements of Part A of Special Condition 7B
- (c) any written representations that were received from interested parties.

We then have 28 days to decide whether to approve the proposed revisions to the TPC.³

This year you issued a consultation on 30 January 2015, proposing a number of changes to the TPC.⁴ You received two responses.⁵ You have now submitted a draft TPC, with changes to reflect the consultation responses, to us for a decision.

¹ The term "you", "your", and "the licensee" are used to refer to National Grid Gas plc in this letter.

² The terms "the Authority", "Ofgem", "we" and "us" are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

³ Special condition 7B, Part B.

⁴ A pre-consultation was issued on 14 January 2015 to seek initial views on possible TPC changes.

⁵ These responses can be found on NGGT's website: <http://www2.nationalgrid.com/UK/Industry-information/Developing-our-network/Gas-Transportation-Transmission-Planning-Code/>

Proposed amendments to the TPC

Your proposed changes to the TPC are intended to incorporate the Planning and Advanced Reservation of Capacity Agreement (PARCA) capacity release process. PARCAs have recently been introduced as a mechanism to reserve and allocate additional NTS capacity.⁶ PARCAs are the only mechanism NTS users can use to secure the release of funded incremental obligated entry or exit capacity. They also allow NTS users to reserve unsold baseline or substituted capacity.

The changes you propose to the TPC include:

- incorporating PARCAs into the summary of long term entry and exit capacity processes in chapters four and five of the TPC
- explaining how capacity reserved through a PARCA fits into your planning activities
- other changes throughout the TPC referring to PARCAs where appropriate and reflecting other recent policy changes
- other minor typographical changes.

Our view

We consider the proposed changes will make sure that the TPC accurately reflects the capacity release mechanisms available to NTS users. They also help to ensure that NTS users understand how the PARCA process is included in your network planning activities.

We note that you proposed changes to the TPC which were removed from the final version you submitted to us for approval. This was because the text conflicted with your gas transporter licence and gas capacity methodology statements.

Your gas transporter licence, the Uniform Network Code (UNC), and the capacity release methodology statements outline the framework and processes to offer and secure NTS capacity. While the role of these documents is understood by industry other documents which summarise the capacity processes, such as the TPC, should align with them.

We understand the value of summarising the entry and exit capacity release processes in the TPC. However, it may be sensible to make sure there is full cross referencing to the licence, UNC or methodology statements where appropriate, and that the TPC wording accurately reflects the processes or obligations in these documents.

Our decision

Following consideration of the documentation provided and having regard to our principal objective and statutory duties, and for the reasons set out above, we have decided, pursuant to Special Condition 7B of the NGG gas transporter licence, to approve the revised version of the TPC submitted by you on 16 March 2015.

Please contact James Thomson at james.thomson@ofgem.gov.uk or on 0141 331 6012 if you have any questions about this decision.

Yours faithfully

Paul Branston

Associate Partner, Costs and Outputs

Signed on behalf of the Authority and authorised for that purpose.

⁶ More information can be found on NGGT's website: <http://www2.nationalgrid.com/UK/Services/Gas-transmission-connections/Capacity-and-connections/Processes/PARCA-Framework/>