

10 July 2023

**RE: Notice of Withdrawal of Modification 0869**

The purpose of this notice is to explain the rationale for National Gas Transmission's decision to withdraw **Modification 0869**.

The objective of this proposal was to align the PARCA (Planning and Advanced Reservation of Capacity Agreement) Weighted Average Price (WAP) calculation with the Reserve Price. The PARCA WAP price is used to calculate the Security Amount which the customer must submit when reaching Stage 2 of the PARCA process.

The current methodology requires NGT to include discounted sites in the WAP calculation. As Storage sites receive an 80% reduction on the Reserve price, this brings the overall WAP price below the Reserve Price which the proposer felt was inconsistent and could cause unintended socialising of costs. It was proposed as a Self-Governance Modification and discussed in the NTSCMF Workgroup.

In those discussions the Workgroup raised a number of wider issues connected to the Security Amount. Whilst not exhaustive, topics raised included the calculation of Security Amounts, reflectivity of termination costs since PARCAs were introduced, and whether the financial outlay required could be a barrier in future investment for Market entrants.

NGT have taken note of the comments raised and following discussions at workgroup, felt it was not appropriate to proceed with this Modification in its current form.

Given the industry engagement and the issues raised, we have taken the decision to **withdraw Modification 0869**. We are aware of the issues raised, will continue internal discussion about how best to address them, and bring back further thinking for industry discussion and views at a suitable time in the not too distant future.

If you have any questions or feedback relating to this notice, or NTS charges in general, please contact our charging team at [Box.NTSGasCharges@nationalgas.com](mailto:Box.NTSGasCharges@nationalgas.com)

*National Gas Transmission*