

## Representation

### Draft Modification Report

#### 0452: Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)

**Consultation close out date:** 11 November 2013

**Respond to:** enquiries@gasgovernance.co.uk

**Organisation:** Scotland & Southern Gas Networks

**Representative:** Erika Melén

**Date of Representation:** 11<sup>th</sup> November 2013

#### Do you support or oppose implementation?

Support

#### Please summarise (in one paragraph) the key reason(s) for your support/opposition.

MOD452 has been raised in order to implement arrangements required under the Planning Act 2008 (as amended by the Localism Act 2011) and so is supported by SGN although we do feel that the 7 year timescales may be a barrier to entry for new connections to the NTS and to the GDN networks.

Also, we must note that this modification can have a negative impact on GDNs where generalised growth requires us to enter into a PARCA. Unlike a directly connected end user we are responsible for providing capacity on our own networks to millions of customers and where generalised growth occurs which would require NTS investment the relevant GDN would be responsible for the Phase 1 fee which could not be recovered and so will be a bottom line cost. Although we appreciate the reason behind the fee not being socialised by NTS and being picked up by the user triggering the investment this is not a fair arrangement for GDNs where the need has been triggered by the social capacity requirement on a specific network. This modification yet again highlights the flaws of the current capacity arrangements where GDNs are treated in the same manner as NTS directly connected customers.

In regards to the comparison between MOD452 and MOD465, although we support both modifications, we would prefer MOD452 as basing the reservation charges on the indicative capacity price appears more suitable than using an average price across the country as the charge is related to the reservation of capacity.

#### Are there any new or additional issues that you believe should be recorded in the Modification Report?

No

0452  
Representation  
11 November 2013

Version 1.0

Page 1 of 2

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### **Relevant Objectives:**

*How would implementation of this modification impact the relevant objectives?*

We agree with the proposer that the modification better facilitates relevant objectives c) and d) in the senses stated in the modification. However, although we agree that the modification may offer benefits for National Grid Transmission in fulfilling their Licence Obligations this modification may have a detrimental impact on GDNs in regards to our ability to offer timely capacity to our customers as well as acting as a potential barrier to entry for new connections due to the extended timescales.

The modification may also have a detrimental impact on securing effective competition between DN Operators as we will be subject to the Phase 1 fee in cases of general growth which we will not be able to recover from our end consumers causing the growth.

### **Impacts and Costs:**

*What analysis, development and ongoing costs would you face if this modification were implemented?*

GDNs will see impacts to our connections and capacity processes as additional steps will have to be put in place for any substantial new connections and load increase enquiries. In such instances where additional capacity is required GDNs will have to get advice from NTS as to any potential capacity constraints which may require a PARCA during the capacity enquiry period which may delay the process for the end user. We will also require additional legal agreements between ourselves and any GDN network end user who may trigger a PARCA.

As stated above GDNs will also see additional bottom line costs of the Phase 1 fee where the PARCA requirement is triggered by general growth.

### **Implementation:**

*What lead-time would you wish to see prior to this modification being implemented, and why?*

SGN would request at least 3 months implementation period to ensure that our connections materials and legal documentation can be updated to include the referral to NTS and the potential increase in timescales to 7 years where a PARCA may be required.

### **Legal Text:**

*Are you satisfied that the legal text will deliver the intent of the modification?*

Yes

### **Is there anything further you wish to be taken into account?**

*Please provide any additional comments, supporting analysis, or other information that that you believe should be taken into account or you wish to emphasise.*

We have nothing further to add