

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: ScottishPower Energy Management Ltd (SP)

Representative: Gerry Hoggan

Date of Representation: 11 November 2013

Do you support or oppose implementation?

Support/Qualified Support/Neutral/Not in Support/Comments* *delete as appropriate*

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

SP offers qualified support of implementation of this Modification as it promotes a process that would allow firm, timely, capacity to be reserved and guaranteed prior to a full registration but always subject to the provision of a level of financial commitment. Our support is qualified to the extent that we believe that the “alternative” modification 0465 proposes a more proportionate and equitable financial commitment package without the significant differential element that would be introduced by locational security arrangements, and therefore we would advocate its implementation in preference.

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

No.

Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

SP agrees with the impact of this modification on the Relevant Objectives as identified in the Modification Report. In particular, it would better facilitate Relevant Objective (c) efficient discharge of licensee’s obligation in that that it would provide a transparent and sufficiently robust process for parties seeking to secure additional incremental capacity. Moreover it would also better facilitate Relevant Objective (d) in that it would provide such parties with the benefits of a measure of certainty as regards the processes and timescales involved in securing additional capacity, thus reducing risk and barriers to entry and so facilitating increased competition between shippers. MOD 0465 has the additional advantage that it can achieve these objectives without financially exposing projects or National Grid disproportionately,

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Impacts and Costs:

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

None identified.

Implementation:

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

The Modification Report recognises that no system changes are required to implement this change, although there will be changes to National Grid's licence and some licence related documentation such that implementation prior to 1 April 2014 is unlikely. However allowing for the impact that these new arrangements may have on potential projects that may come forward on the back of the development of the detailed arrangements around EMR and the Capacity Market it would be beneficial if these arrangements were implemented as soon as possible to reduce at least one area of uncertainty.

Legal Text:

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

Yes SP is satisfied that the legal text will deliver the intent of the modification.

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 are of the view that increasingly it should be the case that arrangements in electricity and gas and their interactions should be considered together where new CCGT projects are being developed, and as such greater alignment of such arrangements should be considered wherever possible and appropriate to facilitate project co-ordination. To that extent the proposals in MOD0465 are more akin to the recently approved non-locational security provisions in the CUSC and therefore provide some measure of precedent for the adoption of similar such arrangements for the securing of gas capacity.