

Representation

Draft Modification Report

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

0465: Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA), Weighted Average PARCA Security

Consultation close out date: 11 November 2013

Respond to: enquiries@gasgovernance.co.uk

Organisation: British Gas Trading Ltd

Representative: Chris Wright

Date of Representation: 11 November 2013

Do you support or oppose implementation?

Support both, but have a strong preference for 0465.

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

Concerns have been expressed that planning processes conducted under the Planning Act 2008 could result in significantly extended lead times for new energy infrastructure. The worst case lead times – variously estimated at up to 8 years – would result in a significant misalignment with actual construction durations, and more significantly the established NTS capacity delivery lead times established in the UNC. These two proposals therefore seek to provide potential developers/connectees to the NTS with certainty about the availability and delivery of new NTS capacity, as well as greater flexibility in obtaining such new capacity.

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?

We agree with the views of the proposer, as set out in the Draft Modification Report, that either of these proposals would better facilitate (c) efficient discharge of the licensees' obligations, and (d) the securing of effective competition between relevant gas shippers.

Impacts and Costs:

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

Minor internal costs associated with briefing relevant staff on the implications of any new capacity booking process.

Implementation:

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

As soon as possible, and preferably well in advance of the anticipated bidding date for the forthcoming electricity Capacity Mechanism first round.

Legal Text:

Are you satisfied that the legal text [and the proposed ACS (see www.gasgovernance.co.uk/proposedACS)] 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.

Yes. Our preference for Modification 0465 is predicated on that modification offering a more appropriate PARCA Security arrangement. The fixed values for entry and exit respectively, as proposed under 0465, will in our view establish a security requirement which strikes an appropriate balance between protecting the gas shipping community from socialised costs in the event of termination of a costly PARCA agreement, while not presenting an undue barrier to market entry or participation.

This fixed value approach also mirrors that established for entry capacity retainers, (in that case a figure of 0.2922 pence per kWh of Entry capacity retained (equates to 0.0001 p/kWh/d for 32 quarters).