

The Joint Office, Relevant
Gas Transporters, shippers and other
interested parties

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Dear Colleague

**National Grid's Informal Consultation on
Capacity Methodology Statements and Proposed Licence Changes.**

National Grid Gas plc's ("National Grid") Gas Transporter Licence in respect of the NTS ("the Licence") sets out obligations to develop and modify the:

- Entry Capacity Release Methodology Statement ("ECR"); and
- Exit Capacity Release Methodology Statement (ExCR);

together, the capacity release methodology statements defined in Special Condition 9B, and the

- Entry Capacity Substitution Methodology Statement ("ECS"); and
- Exit Capacity Substitution Methodology Statement (ExCS);

together, the Capacity Methodology Statements defined in Special Condition 9A.

As part of the review process for these statements, National Grid is obliged to consult with Shippers, DNOs, and other interested parties on proposed changes.

You may be aware that National Grid has been working with industry to develop the processes for the delivery of long term NTS entry / exit capacity. This has resulted in the development and proposal of UNC Modification 0452: "Introduction of the Planning and Advanced Reservation of Capacity Agreement". Other related work has been progressing in parallel.

To facilitate the changes proposed in UNC Modification 0452, a number of changes to the Licence have also been considered and we have been working with Ofgem to develop and agree these potential changes. It is necessary for the Authority to consult on any proposed Licence changes prior to their potential implementation.

These potential changes to the UNC and the Licence will have an impact on the ECR and ExCR and to a lesser extent there will also be an impact on the ECS and ExCS. Consequently, National Grid intends to put forward revised statements to the Authority with a view to them being implemented in line with Modification 0452 (if implemented).

Due to the extent of the potential revisions, we believe that an informal consultation on potential changes to the capacity statements and to the licence would be beneficial for industry to both understand the extent and impact of, and have an opportunity to provide

feedback on these potential changes. This will also assist National Grid in the further development of the statements, Licence drafting, and related changes if required.

Due to the quantity of changes to the ECR and ExCR, tables of changes are attached to this letter as Appendices 1 and 2. These tables list the main changes proposed, together with a brief explanation.

As the potential changes to the ECS and ExCS are less substantial, tables of changes have not been provided.

To assist in reviewing the proposed changes to the capacity statements the following documents are available on National Grid's website.

- A clean copy of the informal consultation ECR: version 1.1;
- A clean copy of the informal consultation ExCR: version 9.1;
- A clean copy of the informal consultation ECS: version 5.1; and
A comparison of version 5.1 to version 4.2 (currently with the Authority for approval).
- A clean copy of the informal consultation ExCR: version 3.1;
A comparison of version 3.1 to the current approved version 3.0.

The above documents are located at:

<http://www.nationalgrid.com/uk/Gas/Connections/CapacityandConnections/Industry+Material/CapConnProcesses/ConsultationLicence+CapacityStatements/>

To assist in reviewing the proposed Licence changes a mark-up copy of the proposed changes can also be found on the Capacity/Connections page of National Grid's website at:

<http://www.nationalgrid.com/uk/Gas/Connections/CapacityandConnections/Industry+Material/CapConnProcesses/ConsultationLicence+CapacityStatements/>

A table is included in Appendix 3 of this letter highlighting the proposed Licence changes, with a brief explanation.

Please be aware that these statements are not necessarily National Grid's final proposals. They will be developed further in the light of responses received, additional developments in industry workshops and elsewhere. Although the main driver for the review is the potential implementation of UNC Modification 0452, there are other developments that are captured within the revision. Further changes may arise before the formal consultation (as required by the Licence), which is anticipated to take place in February / March 2014.

In regard to the ECR and ECS, these statements have recently been reviewed and updated for the new RIIO-T1 Licence. They are currently with the Authority for approval. In order to facilitate drafting, we have assumed that these statements will be approved without further change. If necessary, appropriate additional changes may be required to reflect the approved version (assuming the proposal is not vetoed).

We have also kept the proposed Generic Revenue Driver Methodology statement under review. Proposals are currently with the Authority for approval. We believe that this proposal is consistent with the latest UNC and Licence developments. Hence, we are not considering further revisions and are not proposing to undertake another consultation on this statement at this time.

National Grid would appreciate the comments of all interested parties on the draft changes to the capacity release statements, the capacity statements, and the Licence. Responses should arrive at National Grid by 17:00 on Monday 14th October 2013. They should be sent by e-mail to: mark.j.lyndon@nationalgrid.com and copied to box.transmissioncapacityandcharging@nationalgrid.com

Please ensure that a “read receipt” is requested to confirm that your response has been received.

Alternatively they can be sent by post to the above address marked for the attention of:
“Mark Lyndon”
Transmission Network Service – Floor A1

Responses will be placed on National Grid’s website. If you wish your response to be treated as confidential then please mark it clearly to that effect.

Yours sincerely

Steve Fisher

Appendix 1: Explanation of Proposed Changes to the ECR.

The ECR has been reviewed and proposals to update, and to bring into line with the proposed PARCA changes, are detailed below. Some minor updates and housekeeping changes are not included in the table.

Original Paragraph number	New Paragraph number	Change Type	Description
Title Page and Document history			
Title and headers		Updated.	Document history updated, house-keeping updates
About this Statement			
Entire section		Minor Amendment	
N/A	2 nd Paragraph	Addition	
2 nd to 6 th paragraphs	3 rd to 7 th paragraphs	Updated	
General Introduction			
Section Title		Minor Amendment	Made consistent with other statements
Paragraph 4		Minor Amendment	
Paragraphs 9 to 14	N/A	Addition	References mod 452 (PARCA Mod) and gives high level introduction to the PARCA. Consistent with ExCR
Paragraph 22	N/A	No significant change	Reference to obligation to produce Entry Capacity notice. Consistent with ExCR. Clarification that Authority veto of NG proposals for incremental capacity may result in capacity not being allocated.
Paragraph 23	N/A	Updated	Substitution proposals identified through a PARCA need to be confirmed at two stages (at reservation and at allocation).
Paragraph 30	N/A	Addition	Consistent with ExCR. Added to link allowed revenue (and hence related works) to incremental capacity and to the PARCA.
Paragraph 31	Paragraph 24	Minor Amendment	
N/A	Paragraphs 22 & 23	Deleted	Refers to Planning and Consents Agreements (PCAs). These will not be available. Also paragraph 30 replaces.
Paragraph 35	Paragraph 28	Addition	Detail added to regulatory treatment of capacity from substitution. Added detail on process to confirm substitution and impact on capacity available at donor point.
Paragraph 36	N/A	Addition	Confirms capacity reserved through a PARCA is not available to the market.
Chapter 1 – Principles			
Paragraphs 38 & 39	N/A	Addition	“Scope” section added. Consistent with ExCR.
Paragraph 42	Paragraph 32	Minor Amendment	
Part A			

Chapter 2			
Paragraph 46	Paragraph 36	Minor Amendment	
Chapter 3			
Paragraph 49	Paragraph 39	Minor Amendment	Correct UNC defined term used.
Paragraph 52	Paragraph 42	Addition	Section added for the proposed Ad-hoc QSEC auction to be held following agreement of a PARCA. Deletion of reference to Interconnection Point surrender process: duplicates paragraphs 77 to 79.
Paragraph 53	N/A	Addition	Confirms that capacity can be reserved via a PARCA where incremental capacity is not required. This is subject to a minimum booking criteria.
Paragraphs 56 to 63	Paragraph 45 to 52	Updated	Clarifies where capacity reserved under a PARCA will be included in capacity summary reports.
Paragraphs 66 to 67	Paragraph 55 to 56	Updated	Reference to Ad-hoc QSEC added. Quantity available in auction revised to exclude capacity reserved under a PARCA.
Paragraph 68	Paragraph 57	Updated	Quantity available in auction revised to exclude capacity reserved under a PARCA.
Paragraph 78	Paragraph 67	Minor Amendment	Delete superfluous text
Paragraph 79	Paragraph 68	Updated	Corrected to capture capacity substitution to be considered after "surrender" and before incremental capacity.
Part B			
Chapter 4			
No changes			
Chapter 5			
Paragraph 84	Paragraph N/A	Addition	Introductory paragraph to incremental release. PARCA is main process. QSEC also possible.
Paragraph 85	Paragraph N/A	Addition	PARCAs are available to non-Users.
Paragraph 86	Paragraph N/A	Addition	Information provide to NG is not binding. Consistent with ExCR.
Paragraph 87	Paragraph N/A	Addition	The Licence default lead-time applies to Funded Incremental capacity. Funded Incremental capacity is only released pursuant to a PARCA.
Paragraph 88	Paragraph 74	Updated	Updated for PARCA reservations
Paragraph 89	Paragraph 74	Updated	Updated for PARCA process. Phase 1 works can be undertaken before a point is included in the Licence.
Paragraph 90	Paragraph 73	Updated	Updated for PARCA, removal of PCA.
Paragraph 91	Paragraph 73	Updated	Updated for PARCA, removal of PCA. Absence of PARCA may result in bids requiring release of incremental capacity being rejected.
Paragraph 92	N/A	Addition	PARCAs can be used to reserve non-incremental capacity
Paragraph 93	N/A	Addition	PARCAs are the only way for non-Users to access incremental capacity.
Paragraph 94	N/A	Addition	PARCA rules added.
Paragraph 95	Paragraph 75	Updated	PARCA rules added.

Paragraph 96	N/A	Addition	PARCA rules added re possible PARCA window
Paragraph 97	N/A	Addition	PARCA rules added.
Paragraph 98	N/A	Addition	PARCA rules added. Consistent with ExCR.
Paragraph 99	Paragraph 75	Updated	National Grid PARCA obligations added.
Paragraph 100	Paragraphs 76 & 77	Updated	User/Reservation Party PARCA obligations added.
Paragraph 101	N/A	Addition	Reservation Party PARCA obligations added.
Paragraph 102	N/A	Addition	Capacity reserved under a PARCA cannot be transferred.
Paragraph 103	Paragraphs 78 & 79	Updated	Deadline for revenue driver to be agreed.
Paragraph 104	Paragraph 80	No change	Updated for PARCA
Paragraph 105	N/A	Addition	States default process for agreeing revenue drivers.
Paragraphs 106 to 110	N/A	Addition	Specific PARCA arrangements for Reservation Parties.
Paragraphs 111 to 116	N/A	Addition	In addition to PARCAs, the QSEC auction will also provide a route to obtaining capacity in excess of the current unsold level. Specific rules and limitations apply.
Paragraph 117	N/A	Addition	Only through PARCA applications will Works be required.
Paragraph 118	N/A	Addition	Funded Incremental Obligated Entry Capacity will be released with a registration date determined through the PARCA.
Paragraph 119	N/A	Addition	The default for delivery of Funded Incremental capacity is 1 st Oct Y+3 subject to specified criteria being satisfied.
Paragraph 120	N/A	Addition	Delivery earlier than the default will be subject to reasonable endeavours.
Paragraph 121	N/A	Addition	Clarifies that non-PARCA routes are not available for the release of Funded Incremental capacity and so are governed by the standard release dates in UNC.
Paragraph 122	Paragraph 81	No change	
Paragraph 123	Paragraph 82	Deleted	Relates to PCAs and replaced default lead-times. Partly replaced by paragraph 87
Paragraph 124	Paragraph 83	No change	
Chapter 6			
Paragraphs 130 to 135	Paragraphs 89 to 94	Minor Amendments	Updated for PARCA
Paragraph 136	Paragraph 95	Updated	In respect of a PARCA, the test for the release of incremental capacity will use the capacity profile and prices proposed by the PARCA applicant.
Paragraph 138	Paragraph 97	Updated	Updated for PARCA
Paragraph 139	Paragraph 98	Updated	Updated to consider capacity reserved through a PARCA.
Paragraph 140	Paragraph 99	Updated	Updated for PARCA. If capacity is released via QSEC auction it will be Non-obligated.
Paragraph 141	Paragraph 100	Updated	Updated for PARCA. The NPV test will also be applied to the PARCA capacity/price profile
Paragraph 142	Paragraph 101	Updated	Updated for PARCA processes.
Paragraphs 143	Paragraph 102	Updated	Changes to the way that incremental capacity

to 152			is made available necessitate changes to the NPV test. Detail has been added to cover the scenario of test failure (non-obligated capacity may be released). The NPV test will be applied twice for PARCA applications (at reservation and at allocation). All capacity releases will be subject to Authority approval except for non-obligated.
Paragraph 153	Paragraph 103	Updated	Updated for PARCA process
Paragraph 87	Paragraph 105	Deleted	Default lead-time revised.
N/A	Paragraphs 105 to 117	Deleted	Permits are no longer available for NG to use to adjust capacity delivery lead-times.
Chapter 7			
Paragraph 166	Paragraph 129	Minor Amendment	
Paragraphs 170 to 174	Paragraphs 133 to 137	Update	PCA amended to PARCA
Chapter 8			
Paragraph 180	Paragraph 143	Update	Deleted reference to permits.
Paragraph 181	Paragraph 144	Partial deletion	Delete reference to information in the auction invitation letter. Accelerated release is only possible via a PARCA as this is the only means to release funded Incremental capacity.
Paragraph 182	Paragraph 145	Updated	Updated for PARCA processes, removal of permit scheme, and revised default lead-time.
Paragraph 183	Paragraph 146	Updated	Updated for PARCA
Paragraph 184	Paragraph 147	Updated	Updated for revised lead-times
Chapter 9			
New chapter added to cover the allocation of Long Term Non Firm NTS Entry Capacity pursuant to UNC Mod 454, if implemented.			
Appendix 2			
New appendix of definitions added for consistency with ExCR.			

Appendix 2: Explanation of Proposed Changes to the ExCR.

The ExCR has been reviewed and proposals to update, and to bring into line with the proposed PARCA changes, are detailed below. Some minor updates and housekeeping changes are not included in the table.

Original Paragraph number	New Paragraph number	Change Type	Description
Title Page, Document History, Contents Page			
Document title, headers, and contents.		Updated.	
Document structure		Updated	Parts A/B deleted: no longer relevant.
About this Statement			
Paragraph 1		Updated	Made consistent with other statements
Paragraphs 2 to 4		Updated	Minor updates
General Introduction			
Paragraph 10	Paragraph 9	Updated	References mod 452 (PARCA Mod)
Paragraph 11	Paragraph 10	Updated and partial deletion.	Superfluous bullet points deleted.
Paragraphs 12 to 15	N/A	Addition	High level introduction to the PARCA.
N/A	Paragraph 11	Deleted	Refers to Planning and Consents Agreements (PCAs). These will not be available.
Paragraphs 18 to 20	Paragraphs 14 to 20	Minor Amendments	
Paragraph 20	Paragraph 16	Addition	Clarification that Authority veto of NG proposals for incremental capacity may result in capacity not being allocated.
Paragraph 21	N/A	Addition	Substitution proposals identified through a PARCA need to be confirmed at two stages (at reservation and at allocation).
Paragraph 22	Paragraph 17	Minor Amendment	
Paragraph 23	Paragraphs 2 & 3	Minor Amendment	
Paragraph 30	Paragraph 10	Updated	Revised to link allowed revenue (and hence related works) to incremental capacity and to the PARCA.
Paragraph 31	N/A	Addition.	Covers release of Non-obligated capacity.
Paragraphs 32 to 35	Paragraphs 11 to 14	Minor Amendment	
Paragraph 36	Paragraph 15	Addition	Detail added to regulatory treatment of capacity from substitution and revision. Added detail on process to confirm substitution and impact on capacity available at donor point.
Paragraph 37	N/A	Addition	Confirms capacity reserved through a PARCA is not available to the market.
Chapter 1 – Principles			
Paragraph 38	N/A	Addition	Added for consistency with other statements
Paragraph 40	Paragraph 17	Addition	Reference to Non-ob added. Links to new paragraph on Long Term No Firm capacity.
Paragraph 43	N/A	Addition	Some detail deleted from the Statement as it duplicates UNC without adding to the ExCR.

N/A	Paragraph 21	Deleted	Covered in paragraph 22.
Chapter 2			
Paragraph 45	Paragraph 23	Addition	Link to reductions section.
N/A	Paragraph 25	Deleted	Superfluous
Paragraph 47	Paragraph 28	Moved	Moved to more appropriate section
N/A	Paragraph 26	Deleted	Initialisation section is no longer relevant, but definition added.
Paragraph 48	Paragraph 27	Updated	PARCA process added.
Paragraph 49	Paragraph 29	Updated	Clarify that assignment is for all the assignor's capacity. Capacity reserved under a PARCA cannot be assigned.
Paragraph 50	Paragraph 54	Amended and moved.	Reference to Capacity Transfer process moved to more appropriate area.
Paragraph 51	Paragraph 31	Updated	PARCAs replace ARCAs for Non-Users
Paragraph 52	Paragraph 56	Moved	Moved to more appropriate section to cover all capacity releases.
Paragraphs 53 & 54	Paragraphs 32 & 33	Minor Amendment	
N/A	Paragraph 34	Deleted	Superfluous and/or captured elsewhere.
Paragraph 55	Paragraph 30	Partial deletion.	Deletes superfluous detail. Leaves link to User Commitment rules for assignment.
Paragraph 56	Paragraph 41	Moved and amended	Non-obligated should not be included in on-going release obligations.
Paragraph 57	Paragraph 36	Partial deletion and updated	Superfluous bullets deleted. Updated for PARCA capacity reservations.
Paragraph 58	Paragraph 40	Updated	Updated for PARCA
Paragraph 59	Paragraph 35	Partial deletion and updated	Superfluous text deleted. Updated for PARCA agreement.
Planning and Advanced Reservation of Capacity Agreements			
New section added to replace paragraphs on PCAs. As PARCAs are the only route for release of Funded Incremental capacity, it also captures references to revenue drivers and inclusion of new Exit Points in the Licence.			
Paragraph 60	Paragraph 43	Minor Amendment	
Paragraph 61	Paragraph 42	Updated	Revised for new default lead-time and updated for PARCA
Paragraph 62	N/A	Addition	PARCAs can be used where "Funded Incremental" is not required to be released.
Paragraph 63	N/A	Addition	Non-Users can only use PARCAs to access capacity
Paragraph 64	Paragraph 43	Updated	Updated for PARCA
Paragraph 65	N/A	Addition	PARCA rules added
Paragraph 66	N/A	Addition	PARCA rules added
Paragraph 67	N/A	Addition	PARCA rules added re possible PARCA window
Paragraph 68	Paragraph 34	Updated	Updated for PARCA
Paragraph 69	Paragraph 35	Updated	Updated for PARCA
Paragraph 70	Paragraph 37	Updated	Deadline for revenue driver to be agreed.
Paragraph 71	Paragraph 38	Updated	Updated for PARCA
Paragraph 72	Paragraph 39	Minor Amendment	
Paragraphs 73 to 75	Paragraphs 44 to 45	Updated	Revised to detail key obligations on PARCA signatories. Amended from PCAs.
Paragraph 76	Paragraph 47	Updated	Deletion of superfluous text. Correction of date from which capacity can be released.
Paragraph 78	N/A	Addition	
Paragraph 79	N/A	Addition	Clarifies limits on release of capacity in annual window.

Paragraph 80	N/A	No change	No change
Paragraph 81	N/A	Addition	No revenue driver needed for applications in annual window
Paragraph 82	N/A	Addition	Non-obligated capacity may be made available in addition to unsold obligated capacity.
Paragraphs 83 to 85	N/A	Addition	Added to align to UNC Mod 449
Paragraph 86	Paragraph 49	Addition	Link to paragraph 90 added
Paragraph 90	N/A	Addition	Clarifies limits on release of capacity through ad-hoc application.
Paragraph 91	N/A	Addition	No revenue driver needed for applications through the ad-hoc process.
Paragraph 92	N/A	Addition	Non-obligated capacity may be made available in addition to unsold obligated capacity.
Paragraph 93	Paragraph 53	Partial deletion	Delete superfluous bullets.
Paragraph 94	Paragraph 54	Updated	Reference to ARCAs and revenue drivers removed. Timing of offer no longer dependent on whether Works are required, but dependent upon Remaining Available Capacity, e.g. substitution analysis takes longer.
Paragraph 97	Paragraph 58	Partial deletion	Delete superfluous bullets
Paragraph 98	Paragraph 59	Updated	Updated to include PARCA
Paragraph 99	Paragraph 60	Updated	Consider possibility of substitution within an interactive application.
N/A	Paragraphs 63 & 64	Deleted	Superfluous. Covered by paragraphs 49 and 50.
Paragraphs 102 to 108	Paragraphs 65 to 72	Updated	ARCA process for Reservation Parties replaced with PARCA process. New rules detailed. Existing ARCAs remain.
Paragraph 109	Paragraph 73	Updated.	Deletion following implementation of mod 439.
N/A	Paragraphs 74 and 75	Updated.	Deletion following implementation of mod 439.
Paragraph 110	Paragraph 73	Minor Amendment	Existing paragraph split into two.
Paragraph 111	Paragraph 76	Minor Amendment	
Paragraph 112	Paragraph 77	Minor Amendment	
N/A	Paragraph 78A	Updated	Deletion following implementation of mod 439.
Paragraph 113	Paragraph 78B	Updated	Minor amendments and update for PARCA.
Paragraph 114	Paragraph 79	Minor Amendment	Clarify paragraph applies only to July reduction requests.
Paragraph 116	Paragraph 81	Updated	Some minor simplifications and improved layout of paragraph, removal of ARCA reference and addition of PARCA. Added reference to notification of accepted / rejected reduction applications.
Paragraph 117	Paragraph 82	Updated	Updated for PARCA process and simplified.
Paragraph 118	Paragraph 83	Minor Amendment	
Paragraph 120	Paragraph 85	Updated	Confirm that a reduction accepted in response to a PARCA being signed will remain even if the PARCA is terminated before allocation.
N/A	Paragraph 86	Deleted	Superfluous
Paragraph 121	Paragraph 87	Minor amendment	User Commitment will not apply to Reservation Parties
Paragraph 122	Paragraph 88	Updated	Minor clarification and update to align with

			Mod 449.
Paragraph 124	Paragraph 89	Minor Amendment	Existing paragraph split into two.
Paragraph 125	Paragraph 90	Updated	Clarify that User Commitment cannot be satisfied before it starts. In the case of stepped increases, "over-payment" in early phases does not contribute to later phases.
N/A	Paragraph 91	Deleted	Superfluous, covered by paragraph 54
Paragraphs 126 and 127	Paragraphs 92 and 93	No change	Paragraphs retained for existing ARCAs
Paragraph 128	Paragraph 94	Updated	Minor amendment and update for PARCA
Paragraph 130	Paragraph 96	Updated	Minor amendments and deletion of reference to stepped increases: covered by paragraph 125.
Paragraph 131	Paragraph 97	Minor Amendment	
Paragraph 132	Paragraph 98	Partial deletion.	Deletion of superfluous text.
N/A	Paragraph 99	Deleted	Mainly superfluous. Reference to Transportation Charging methodology included in paragraph 130.
N/A	Paragraph 100	Deleted	Covered by paragraph 125.
Paragraphs 133 & 134	N/A	Addition	Determination of indicative prices to sett User Commitment. This will be provided twice for PARCAs (at reservation and at allocation).
Paragraph 135	Paragraph 101	Minor Amendment	
Paragraph 140	Paragraph 106	Minor Amendment	
Paragraph 146	Paragraph 111	Updated	Only through PARCA applications will Works be required.
Paragraph 147	Paragraph 112	Updated	Funded Incremental Obligated Exit Capacity will be released with a registration date determined through the PARCA.
Paragraph 148	Paragraph 113	Updated	The default for delivery of funded Incremental capacity is 1 st Oct Y+3 subject to specified criteria being satisfied. Earlier delivery will be subject to reasonable endeavours.
N/A	Paragraphs 114 to 120	Deleted	Permits are no longer available for NG to use to adjust capacity delivery lead-times.
Paragraph 149	N/A	Addition	Clarifies that non-PARCA routes are not available for the release of Funded Incremental capacity and so are governed by the standard release dates in UNC for unsold existing capacity.
Chapter 3			
Paragraph 152	Paragraph 123	Minor Amendment	
Paragraph 153	N/A	Updated	Updated for PARCA. Annual capacity may be available prior to registration effective dates.
Paragraphs 154 & 155	Paragraphs 124 & 125	Minor Amendment	
Paragraphs 157 to 159	N/A	Addition	Added to align to UNC Mod 449
N/A	Paragraphs 127 & 128	Deletion	Superfluous. Simple repetition of UNC.
Chapter 4			
New chapter added to cover the allocation of Long Term Non Firm NTS Exit (Flat) Capacity pursuant to UNC Mod 454, if implemented.			
Chapter 5			

Paragraph 167	Paragraph 130	Minor Amendment	
Paragraphs 169 & 170	N/A	Addition	Capacity will not be sold where this is expected to lead to a constraint. Existing sold capacity is unaffected. Consistent with entry.
Chapter 6			
Paragraph 172	Paragraph 133	Addition	Updated to allow PARCA process for additional flex capacity.
Appendix 2			
Appendix 2	Appendix B1	Updated	New definitions added, primarily relating to the PARCA. Some un-used terms deleted.

Appendix 3: Explanation of Proposed Changes to the Licence

Proposed Change	How?	Licence change essential for Mod 452?
Default lead time shortened	Change to Special Condition 1A - definitions	Yes - to achieve proposed lead times
Allow pass through of termination amounts to industry and for NG to recover costs in event of termination	There is more than one way to facilitate this, the drafting contains our preference which is to amend Special Condition 2A	Yes - to allow revenue adjustments
Recognition of PARCA, PARCA Applicant, PARCA Termination Amount and Phase 1 PARCA Works Report	Change to Special Condition 1A - definitions	No – provides clarity by pointing reader to UNC for definition
Include phase one works in list of excluded services	Added to list in Special Condition 11C	No – licence does not require definitive list but we believe it aids transparency
Deletion of reference to permits	Changes to Special Conditions 1A, 5F and 5G to remove references and deletion of Special Condition 2D	No – permits currently not in place post 13/14. Proposed changes tidy up licence but could be left in there
Revenue Driver tidy up	Deletion of sections in Special Conditions 5F and 5G	No – tidy up of licence conditions to reflect Generic Revenue Driver Methodology likely to be in place
Revenue Driver tidy up	Movement of South East Revenue Driver within Special Condition 5G	Linked to change above – if sections not linked to GRDM are deleted then this Revenue Driver should be moved within the Licence to avoid its deletion
Potential change to Entry / Exit Capacity Notice	Addition of requirement for National Grid to inform Ofgem of intended means of meeting incremental capacity request at time of PARCA signature rather than capacity allocation	Change currently under consideration