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**Capacity Allocation Mechanism (CAM) Amendment**

**Alternative Allocation Mechanism (AAM) and Planning and Advanced Reservation of Capacity Agreements for Interconnection Points (IP PARCA)**

**21st April 2017**

Dear Industry Colleague,

An amendment to the EU network code on CAM took effect from the 6th April 2017 earlier this year. As part of the GB implementation of these amendments to CAM, National Grid NTS raised UNC modification 0597[[1]](#footnote-1) which added in a new Section E to the European Interconnection Document (EID) within the Uniform Network Code (UNC). This new section introduced ‘Rules for the Release of Incremental Capacity at Interconnection Points’. Additionally National Grid has proposed EU updates to the Capacity Methodology Statements, and these are currently undergoing consultation[[2]](#footnote-2).

National Grid NTS is issuing this notice to share further documents regarding the commercial framework for the release of incremental capacity at interconnection points. This is as agreed from the development workgroup for modification 0597. These documents are:

* A template for the Alternative Allocation Mechanism (AAM) rules.
* A template for the IP PARCA contract.

The use of an Alternative Allocation Mechanism is allowed under CAM, and is envisioned under Section E5.1.1 of the EID. The AAM template provided here describes how the current PARCA process would be amended to enable the continued use of PARCA as part of the CAM incremental process. The IP PARCA contract is an updated version of the current PARCA contract, specifically for Interconnection Points, that contains the terms and conditions that the reservation party and National Grid would agree to prior to allocation of the capacity.

Note that these documents are not formally part of the consultation on the Capacity Methodology Statements that was launched last week, but National Grid recognises there is a large degree of overlap with the Methodologies and they should be viewed together to form a full picture of the process. National Grid NTS welcomes feedback on these documents in addition to the Capacity Methodology Statements. For feedback regarding the AAM and IP PARCA documents please use the contact details below.

Please also note that in the event of an incremental project being launched at an Interconnection Point, then both the AAM and IP PARCA documents will be formally consulted upon prior to being submitted for Regulator approval.

A summary of the main changes to the current PARCA process that these documents propose is summarised below:

* How National Grid NTS deals with the condition precedent that creates a dependency on the outcome at another interconnection point (Multiple IP condition).
* Added new definitions and updated terminology to reflect CAM IP process.
* How National Grid NTS may deal with the requirement to withhold 10% of incremental capacity.
* Amendment to what counts as ‘day 1’ for the purposes of calculating the Termination Amount (changed from date of countersigning to date of reservation).
* Flexibility added to dates (e.g. 28 days for countersigning contract) to allow for alignment with other TSOs involved in the project.
* Removal of Capacity Tolerance (to avoid mismatch in technical capacities across the IPs).
* Added termination clause for if there is more than one reservation party.
* Added Confidentiality clause relating to projects involving multiple TSOs.

Many thanks,

Malcolm Montgomery

Gas Charging and Capacity Development

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1. Link to modification: <http://www.gasgovernance.co.uk/0597> [↑](#footnote-ref-1)
2. Further details can be found on National Grid’s website <http://www2.nationalgrid.com/UK/Industry-information/Gas-capacity-methodologies/Current-Consultations/> [↑](#footnote-ref-2)