



Planning & Advanced Reservation of Capacity Agreement (PARCA)

A guide for customers

April 2024



Document revision history

Version Number	Date of Issue	Notes on changes
1.0	October 2018	
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About this document

This guide is to help stakeholders understand the Planning and Advanced Reservation of Capacity Agreement (PARCA) end-to-end process.

A PARCA is a multi-phased bilateral contract between National Gas and a customer, which allows (Firm) Quarterly System Entry Capacity and / or (Firm) Enduring Annual NTS Exit (Flat) capacity to be reserved for the customer, whilst they develop the initial phases of their own project. This guide assumes that you have some understanding of the National Transmission System (NTS) and the regulatory framework that underpins the way we work.

This is split into the four logical phases of the PARCA process. Each section outlines:

- The purpose of the phase.
- The timescales of the phase.
- The information exchanges between National Gas and our customers.
- Other activities within the phases.
- The PARCA contract, including a plain English guide.
- Associated templates and schedule of information flows.

You will also have the opportunity to ask questions through initial bi-lateral discussions.

All of our customers are assigned a Gas Connections Manager as a specific point of contact to provide guidance throughout the process and answer any questions that you may have. If you do not know who your Gas Connections Manager is, please do contact us at box.UKT.customerlifecycle@nationalgas.com, and we will send you the information you require.

We hope that you find this guide useful and would welcome any feedback on how it could be further improved.

How PARCAs have affected other capacity process

The table below shows how the PARCA process has changed the way we release incremental capacity through the Quarterly System Entry Capacity (QSEC) and Ad-hoc QSEC auctions, and the Annual Application Window and Ad-hoc Application Process:

<p>March Quarterly System Entry Capacity (QSEC) Auction</p>	<p>Demand for incremental capacity at Aggregated System Entry Points (ASEPs) can only be met through:</p> <ul style="list-style-type: none"> • Substitution of unsold entry capacity from another location. • Release of discretionary “non-obligated” incremental capacity. <p>The release of “Funded Incremental Obligated Entry Capacity”¹ will only be possible through a PARCA.</p>
<p>Ad-hoc QSEC Auction</p>	<p>No longer used for Shippers to request incremental capacity at new ASEPs. Instead, under the PARCA arrangements, the Ad-hoc QSEC allows Shippers to bid for unsold entry capacity at ASEPs that may otherwise be reserved as donor entry capacity under a PARCA.</p>
<p>Annual Application Window (Enduring Annual NTS Exit (flat) Capacity)</p>	<p>Demand for incremental capacity at Exit Points can only be met through:</p> <ul style="list-style-type: none"> • Substitution of unsold capacity from another location • Release of discretionary “non-obligated” incremental capacity. <p>The release of “Funded Incremental Obligated Exit Capacity”² will only be possible through a PARCA</p>
<p>Ad-hoc Application Process (Enduring Annual NTS Exit (flat) Capacity)</p>	<p>Demand for incremental capacity can only be met through:</p> <ul style="list-style-type: none"> • Substitution of unsold capacity from another location • Release of discretionary “non-obligated” incremental capacity. <p>The release of “Funded Incremental Obligated Exit Capacity” will only be possible through a PARCA</p>

¹ Funded Incremental Obligated Entry Capacity is the Licence defined term for capacity over and above obligated levels that may require a Revenue Driver to fund investment.

² Funded Incremental Obligated Exit Capacity is the Licence defined term for capacity over and above obligated levels that may require a Revenue Driver to fund investment.

What is the PARCA framework?

The Planning and Advanced Reservation of Capacity Agreement (PARCA) is a bi-lateral contract that allows long term National Transmission System (NTS) Entry and/or Exit Capacity to be reserved for a customer whilst they develop their own project, ahead of the purchase of that reserved capacity.

Initially, a customer will submit a PARCA Application form to request their capacity need. Using the information provided in the PARCA Application we will determine how and when the capacity requested can be delivered. We will keep the customer informed on progress. If, as a result of our outputs, the customer would like us to reserve the capacity on their behalf we will do so (subject to acceptable security being provided by the customer). Alternatively, the customer may choose to not progress the request any further. Where the capacity has been reserved, the customer has effectively secured a right to buy that capacity at a later date, but they are not obligated to do so. Once reserved, that capacity is exclusive to the customer.

A customer might be a gas shipper, Distribution Network Operator or any other third party such as a developer and may or may not be a party signed up to the Uniform Network Code (UNC). The PARCA arrangements apply to all National Transmission System (NTS) entry and exit points, NTS storage and NTS interconnectors.

A key aspect of the PARCA arrangement is that it helps the customer and National Gas to progress their respective projects in parallel. It also assures the customer the capacity has been reserved with the option to purchase the capacity at a later date. The financial commitment to the capacity itself (at the allocation of the capacity) is only required once the customer and National Gas have sufficient certainty that their respective projects will go ahead.

The PARCA framework is split into four logical phases; Phase 0 to Phase 3. This phased structure provides the customer with natural decision points where they can choose whether they wish to proceed to the next phase of activities. Regardless of these natural decision points, the PARCA process is sufficiently flexible to allow the customer to leave the PARCA process at any time prior to full financial commitment to the capacity through capacity allocation.

Here is an overview of the four phases;

Phase 0

This is a bi-lateral discussion phase between the potential applicant and National Gas with no defined timescales. Phase 0 provides an opportunity for the potential applicant and National Gas to understand each other's processes and potential projects before the potential applicant decides whether to formally enter the PARCA process. If the potential applicant wishes to proceed with the PARCA process then they will be required to submit a valid PARCA Application Form and pay a PARCA Application Fee.

Phase 1 PARCA Works (up to 6 months)

When we receive a valid PARCA Application Form and payment of the PARCA Application Fee from the PARCA Applicant, we will tell them that their PARCA Application is successful and Phase 1 PARCA Works will begin. During Phase 1 PARCA Works we will publish relevant information to the industry and, through the opening of a PARCA Window, invite further PARCA

Applications from other potential applicants. Although a PARCA Application can be submitted at any time, the purpose of the PARCA Window is to encourage those potential applicants considering applying for a PARCA to submit their application at this time so that we can consider how to meet their capacity needs alongside other PARCA Applications.

Where a PARCA Application has been received requesting NTS entry capacity, we may also open an Ad-hoc Quarterly System Entry Capacity (QSEC) auction. This allows Users the opportunity to book unsold entry capacity that we may otherwise reserve on behalf of the PARCA Applicant(s). The PARCA Application is the only option to resolve the scenario where unsold capacity, including substitution, cannot meet a PARCA Applicant's needs.

National Gas will process the PARCA Application, and any other valid PARCA Applications received during the PARCA Window, and we will determine how and when a PARCA Applicant's capacity requirement might be delivered. After this network assessment, we will provide the PARCA Applicant with a PARCA contract and a Phase 1 PARCA Works Report.

If the customer is happy with the options presented in the Phase 1 PARCA Works Report and wishes to proceed, the PARCA contract must be signed along with provision of annual phased financial security, the value of which is derived from an indicative capacity charge. When the signed contract and required security are in place, we will initiate Phase 2 PARCA Works of the PARCA process.

Withdrawal of a PARCA Application

A PARCA Application can be withdrawn by the customer during Phase 1 PARCA Works. Where and when this occurs, we will immediately stop Phase 1 PARCA Works and perform a cost reconciliation, with any and all differences either refunded or paid.

Phase 2 PARCA Works (Up to 60 months)

With a signed contract and security in place, National Gas will reserve the capacity on the customer's behalf. The customer now becomes the PARCA Reservation Party.

If we identify in the Phase 1 PARCA Works Report that physical reinforcement of the NTS is required to provide the PARCA Reservation Party with their capacity, we will initiate the statutory planning consent at this stage; either the Planning Act or Town & Country Planning. If no physical reinforcement is required, we will continue to reserve the capacity in accordance with the timelines provided as part of the Phase 1 PARCA Works Report.

During Phase 2 PARCA Works, we will provide regular milestone information to the PARCA Reservation Party. For example, where we undertake physical reinforcement of the NTS to meet the PARCA Reservation Party's capacity requirement, the PARCA Reservation Party will be provided with regular updates at each defined stage of the statutory planning process. In turn, the PARCA Reservation Party will provide us with updates as to the progress of their own project through the provision of Demonstration Information and, their continued commitment to the Reserved Capacity through the provision of annual financial security.

Phase 2 PARCA Works concludes upon the allocation of the Reserved Capacity to an NTS User. The NTS User may be the Reservation Party or, where the Reservation Party is not a party to the UNC, the Reservation Party's nominated NTS User(s). Once allocated, the capacity is financially committed to, the PARCA ends, and, if necessary, we commence any projects to deliver the physical capability (a.k.a. 'Phase 3').

Termination of a PARCA

The PARCA process offers the flexibility to terminate the contract at any point up until the capacity is allocated to the NTS User or nominated NTS User(s). National Gas may also terminate the PARCA for specific reasons detailed in the 'Termination of a PARCA during Phase 2 PARCA Works' section of this document.

For example:

- If the User Nomination (non-UNC parties only) is not submitted.
- When 100% of the capacity has not been nominated to one or more NTS Users at least one month prior to the Capacity Allocation Date.
- If Demonstration Information has not been provided.
- If Demonstration Information on the submission dates stated in the Phase 1 PARCA Works Report on 3 occasions has not been provided
- Where Financial Security has not been proven.
- If the required level of financial security is not maintained or where such security ceases to be valid.
- Where Statutory Planning Consent has not been obtained and both parties have used reasonable endeavours to agree an alternative proposal.

Phase 3 (Up to 24 months)

Once the capacity is formally allocated, the PARCA contract expires and, if required, Phase 3 is initiated. During Phase 3, National Gas would carry out the necessary activities, for example the physical reinforcement to the NTS, to deliver the required NTS capability to support the allocated capacity. Please note that upon allocation of any reserved NTS capacity, UNC user commitment rules apply.

Capacity and Connection

The PARCA allows you to reserve capacity, but it does not provide you with an NTS connection.

If you require a new connection to the NTS, or a modification to an existing NTS connection, you will need to go through the Application-to-Offer (A2O) connection process.

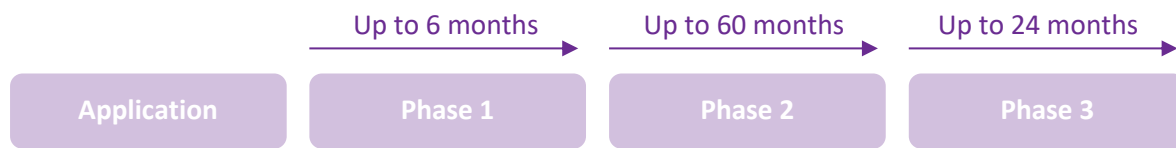
The typical timescales associated with the A2O process is 1 to 3 years from application to the construction of the physical connection:



More information on the A2O process can be found at our website, where a guide to the process and the relevant application templates can be found.

The timescales associated with the PARCA process may be up to 7 years from application to the physical build of any capacity where required depending on project timescales and National Gas's delivery of the capacity.

The indicative maximum timescales are shown below:



As the capacity process (PARCA) and the connection (A2O) processes are separate, you have flexibility to initiate these two processes at your discretion. For example, you may consider applying for a new NTS connection three or four years prior to the capacity delivery date, which is detailed in the Phase 1 PARCA Works Report, to align the delivery of the connection and capacity.

Although the connection and capacity processes are separate, the two processes can become dependent on each other. To prevent stranded capacity, we will not allocate Reserved Capacity if a new or modified connection is required unless a Full Connection Offer (FCO) has been progressed and accepted. Typically, it can take around 12 months to receive and sign an FCO, so the A2O process (if required) needs to be initiated³ at least 12 months before the Capacity Allocation Date as defined in the PARCA contract.

The process steps are presented below, with the associated timescales where appropriate.



¹No interaction with the March QSEC or July Enduring Exit Processes.

²Within 10 business days from the initiation of Phase 1 Works.

³Depending on whether a window is already open. Open for 40 or 20 consecutive business days, depending on whether receive other PARCA applications.

⁴The Ad-hoc QSEC auction is for entry capacity only and will only be triggered where a PARCA is requesting entry capacity. Customers are given at least 28 days' notice. Ad-hoc auction will close within 10 business days.

⁵The Phase 1 PARCA Works Report is issued to the customer within 6 months of initiating Phase 1 PARCA Works.

⁶The customer has 28 days to sign and return the PARCA and provide security to trigger Phase 2 PARCA Works.

⁷Upon receipt of a signed PARCA contract and security

³Please note that this date will be determined on a project-by-project basis through the demonstration date requirements.

Phase 0

Bi-lateral discussions, PARCA Application Form & PARCA Application Fee

The PARCA process doesn't formally begin until Phase 1 PARCA Works. We do, however, encourage and welcome bi-lateral discussions as early as possible.

To formally initiate the process, you will be required to submit a PARCA Application Form and a PARCA Application Fee to us.

There are no defined timescales associated with this Phase 0.

Bi-lateral Discussions

If you are considering entering into a PARCA contract, we would encourage you to approach us to discuss your potential project as early as possible. At this stage we will answer any of your questions and help you to understand the process.

Our Gas Connections Managers are your first point-of-contact, and we welcome these initial conversations with you. If you do not know who your Gas Connections Manager is, please email us at box.UKT.customerlifecycle@nationalgas.com.

PARCA Application Form

A PARCA Application form needs to be completed and submitted to us via our website at <https://gas-connections.nationalgrid.com/CustomerPortal/#/landing>. You will be required to provide information that relates to your potential project, gas flow dates, your capacity requirement and, if required, a capacity range.

The capacity range allows you to also request, in addition to your capacity requirement, a minimum and maximum capacity range if you consider your capacity requirement may change during PARCA Phase 2 Works. The purpose of the capacity range is to account for technical uncertainties in your project only, so the need for range request will have to be sufficiently demonstrated.

Further information and a guide to assist you in completing the PARCA Application form have been included as Appendix A in this document.

PARCA Application Fee

Along with the PARCA Application Form, you are required to submit a PARCA Application Fee. At the end of Phase 1 PARCA Works this fee will be reconciled to actual costs as either a credit or debit. The PARCA Application Fee will fund our desktop studies to assess the current network capability, which in turn informs the options and timescales for delivering your capacity needs.

The PARCA Application Fee payable is reviewed annually to ensure that it remains appropriate as we gain more experience of the typical Phase 1 PARCA Works costs. Throughout Phase 1 PARCA Works we will provide you with regular cost updates.

Phase 1 PARCA Works

During Phase 1 PARCA Works, we will conduct a desktop study of the National Transmission System (NTS) to identify how, to what extent and by when the capacity you have requested in your PARCA Application Form can be delivered. We will deliver the results of these Works within 6 months.

At the end of this Phase, you will be provided with a Phase 1 PARCA Works Report and a PARCA contract which you have the option to sign to proceed to Phase 2 PARCA Works.

Competent PARCA Application

We will confirm receipt of your PARCA Application form within 2 business days.

The Phase 1 PARCA Works can start where the PARCA Application is deemed a Competent PARCA Application under the UNC. This requires that:

- Your PARCA Application form is correctly and fully completed; and
- The required technical information has been provided; and
- The Phase 1 Application Fee is paid and in available as cleared funds.

Once the application is deemed a Competent PARCA Application, we will confirm this to you within 5 business days.

If the PARCA Application does not satisfy the above requirements, it will be rejected, and we will provide you with the reasons why as soon as we can. You can submit a further application if you wish.

Phase 1 PARCA Works

In our desktop study, we will explore a number of ways of delivering the capacity. This may be wholly through, or a combination of, existing network capability, substitution of capacity, a contractual solution or physical investment in the NTS.

The Phase 1 PARCA Works will be funded through the PARCA Application Fee (£53,000 - £120,000) which is reconciled to actual costs at the end of Phase 1 PARCA Works as either a credit or debit. We will complete these works within 6 months from commencement of Phase 1 PARCA Works.

We also release long-term NTS capacity⁴ through established UNC capacity auction and application processes, more specifically:

- Long term NTS entry capacity that is sold in quarterly strips through the Quarterly System Entry Capacity (QSEC) auction in February and;
- Long term NTS exit capacity that is sold as an evergreen product (Enduring Annual NTS Exit Flat Capacity) during the Annual Application Window in July.

So, it's important to bear in mind that existing system capacity that could be used to fully, or partly, satisfy a PARCA request may also be requested by NTS Users through those processes

⁴ Please note that this will not include incremental capacity.

detailed above. As such it may not be appropriate to initiate the Phase 1 PARCA Works whilst the QSEC or Enduring Annual processes are running as it may not be clear how much existing capacity will be available to satisfy a PARCA request for the purposes of the Phase 1 PARCA Works.

The timetable below shows the annual QSEC auction and Enduring Exit capacity Application and potential periods where we may exercise our discretion to not start the Phase 1 PARCA Works:

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Annual QSEC auction		QSEC Invitation	QSEC Bid Window	Allocation of QSEC Bids								
Entry Capacity PARCA		Phase 1 PARCA Works of an entry capacity PARCA may not be initiated if there is an interaction with the ongoing Annual QSEC auction process										
Annual Enduring Exit application						Exit invitation	Annual Application Window	Allocation of Exit Capacity				
Exit Capacity PARCA						Phase 1 PARCA Works of an Exit Capacity PARCA may not be initiated if there is an interaction with the ongoing Annual Exit Capacity Application Window						

PARCA Window

A PARCA Application can be submitted at any time and does not have to be submitted with an open PARCA Window.

The purpose of the PARCA window is to encourage those potential PARCA Applicants to submit their application at this time so that we can assess how to meet their capacity need alongside other potential projects.

For any PARCA Application deemed competent outside a relevant PARCA Window, within 10 business days of the initiation of the Phase 1 PARCA Works of that PARCA we will open (where a Window is not already open) either a PARCA Entry or Exit window.

We guarantee to consider together all PARCA Applications submitted and deemed competent within this window. However, it is important to note that if you wish to be considered for capacity alongside other PARCA applications, in order to ensure we can conduct our competency check within the PARCA window timescales please endeavour to submit your PARCA application as early as practically possible.

The diagram below shows the PARCA window timeline:

No of Days from initiation of Phase 1	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40																																							
PARCA Entry Window Opens	Opened within 10 days ¹ of Phase 1 PARCA Works										Further applications received																													
PARCA Entry Window Closes	Closes 40 business days after the window was opened																																							
	Closes 20 business days after window opened if no further entry applications received																																							
PARCA Exit Window Opens	Opened within 10 days ¹ of Phase 1 PARCA Works										Further applications received																													
PARCA Exit Window Closes	Closes 40 business days after the window was opened																																							
	Closes 20 business days after window opened if no further entry applications received																																							

¹ A full table of information published to the applicant and industry is detailed in Appendix A

PARCA Windows are open for a maximum of 40 consecutive business days but will close after 20 consecutive business days if no further PARCA Applications have been received within that time. Only one Entry and/or Exit PARCA Window can be open at any one time. Therefore, if a PARCA Application requesting Entry/Exit capacity is deemed Competent within an open entry/exit PARCA Window an additional PARCA Window will not be triggered.

At the same time the PARCA window is opened, we will publish the following information for the PARCA that triggered the opening of the PARCA window and for any subsequent PARCA Applications deemed competent within that window to ensure transparency and a fully conversant process. The information we publish is as follows:

- The geographical areas of the potential PARCA projects
- An indicative range (to protect customer confidentiality) of the NTS Entry and/or NTS Exit capacity applied for
- The indicative capacity reservation dates (the indicative dates the capacity will be reserved)
- The requested capacity registration dates (the indicative dates the capacity will be effective)

A notice that a PARCA Window is open for a maximum of 40 consecutive business days from a specified date. Upon closure of the PARCA Window, we will publish:

- A notice of the PARCA Window closure
- The number of further PARCA applications received within that window (if any)

Ad-hoc QSEC auction

For a PARCA requesting NTS entry capacity, once the Phase 1 PARCA Works are initiated, an Ad-hoc Quarterly System Entry Capacity (QSEC) auction may be triggered. Between February and May, however, an Ad-hoc QSEC will not be triggered as there is an annual QSEC auction which also makes unsold System Entry Capacity available to all NTS Users.

Where an Ad-hoc QSEC is triggered, we will invite other NTS users to participate in it, providing them with at least 28 days' notice. The auction will be open for up to 10 business days.

Where a PARCA Application requests NTS exit capacity, no ad-hoc process will be triggered. This is because an Ad-hoc Application Process remains open every year between the dates of October and June to allow for other NTS Users to book existing NTS exit capacity.

Phase 1 PARCA Works Outputs

Upon completion of the Phase 1 PARCA Works, we will provide the customer with a Phase 1 PARCA Works Report to inform the customer's decision on whether to proceed to Phase 2 PARCA Works. The Report provides the following information:

The Registration Date	The first gas day that the capacity may be used from. Depending on outcome of our Phase 1 PARCA Works, this may or may not be the same as that requested through the original PARCA Application.
Quantity of Capacity to be Reserved	The quantity of Quarterly NTS Entry and/or Enduring NTS Exit capacity that will be reserved and for what periods. Where a capacity tolerance has also been requested, we will confirm if that tolerance can be accommodated and, if not, the tolerance level that can be accepted.
Capacity Allocation Date	This is the date upon which the reserved capacity is formally allocated to the NTS User and fully financially committed to.
Indicative Capacity Charges	<p>The indicative Entry and/or Exit capacity charges applicable to the reserved capacity. These are provided for guidance purposes and highlight the potential financial liability should the PARCA Application progress to capacity allocation.</p> <p>The indicative capacity charges may be updated from time to time, and we will keep you informed of this throughout the PARCA lifecycle.</p>
Security Amount	The level of annual security required, during each year of Phase 2 PARCA Works.
Demonstration Information & Milestone Information Requirements	A project specific schedule of information that we will both be required to provide during Phase 2 PARCA Works
NTS Exit (flexibility) Capacity and Assured Offtake Pressure (for	Through the PARCA Application, Distribution Network Operators (DNOs) can request NTS Exit (flexibility) Capacity and an Assured Offtake Pressure (having the meanings defined under UNC). As an

Distribution Network Operators only)	output from Phase 1 PARCA Works we will confirm what flex and pressure we are able to accommodate should the reserved capacity be allocated.
Indicative Ramp Rates & Pressures	Through the PARCA Application indicative ramp rates and pressures can be requested. We will confirm the indicative ramp rates and pressures that could be delivered.
Actual Costs	The actual costs that we have incurred by undertaking the Phase 1 PARCA Works and, therefore, the credit or debit owing when reconciled against the Phase 1 Application Fee.

As an output from the Phase 1 PARCA Works you will also be issued with a Need Case Report (establishes and documents the potential need case for investment), a Technical Options Report (outlines a technical assessment of the strategic options to meet the need case for any investment that may be required) and a PARCA contract.

NPV Test for NTS Entry Capacity

If you wish to reserve NTS entry capacity through the PARCA process and the reserved NTS entry capacity would result in the release of capacity over and above our obligated levels (i.e., the levels that, under our Licence, we are obliged to make available to NTS Users) a Net Present Value (NPV) test will be required. We will let you know if an NPV is required as part of Phase 1 PARCA Works.

Further information on the NPV test can be found in our Entry Capacity Release Methodology Statement. Links to all the methodology statements can be found at the end of this document.

The PARCA arrangements are for PARCA Applicants who wish to provide us with a long-term capacity signal. As such, where we identify that no NPV test is required for your Entry project, the referenced capacity must be for a minimum of 16 quarters within a 32-quarter period.

PARCA Contract

Should you wish to progress to Phase 2 PARCA Works, you will be required to sign and return a PARCA contract within 28 days of us issuing it to you. You will also need to provide the first annual instalment of the security detailed in the Phase 1 PARCA Works Report.

Upon receipt of the signed contract and the financial security, National Gas will countersign and return the contract to you within 2 business days. We will reserve the capacity for you and Phase 2 PARCA Works will commence.

To ensure consistency, fairness and transparency, the terms of the PARCA contract are generic and non-negotiable. A copy of the generic PARCA can be found on our website at <https://www.nationalgas.com/reserving-capacity-parca-and-cam>.

Your Gas Connections Manager will be happy to discuss any aspects of the contract that you may be unsure of.

Please note that if you do not wish to progress to Phase 2 PARCA Works, no further action is required.

Withdrawal of a PARCA Application

PARCA Applications can be withdrawn during Phase 1 PARCA Works and, if you choose to do so, we will immediately stop the remaining Phase 1 PARCA Works and no further Phase 1 PARCA Works outputs will be provided.

We will then undertake a cost reconciliation of the actual Phase 1 PARCA Works costs to date. Where the actual costs to date are less than the PARCA Application Fee, you will be refunded with the difference. Where the actual costs to date are greater than the PARCA Application Fee, you will be required to pay the difference.

Phase 2 PARCA Works

During Phase 2 PARCA Works of the PARCA process, where investment in the NTS is likely to be required, we will initiate the relevant statutory planning activities (either the Planning Act or Town & Country Planning). The timescales associated with this phase are specific to your PARCA and will be included as an output from Phase 1 PARCA Works. We currently consider the maximum timeframe for this phase will be 60 months, dependant on the complexity of the works to be carried out. Whilst working through this process, National Gas encourages working closely, particularly where both parties need to progress their projects through the planning process.

The following table details examples of the activities that may be required to progress a Development Consent Order:

Planning Activities Indicative Timescales	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24 to 60
PARCA Phase 2 Schedule A	Compilation Of Strategic Options Report																							
	National Gas Project Plan Update																							
PARCA Phase 2 Schedule B	Final Route/Siting Study Recommendations & Summary of External Consultation Findings																							
	National Gas Project Plan Update																							
PARCA Phase 2 Schedule C	Environmental Impact Assessment & Summary of External Consultation Outcome																							
	National Gas Project Plan Update																							
PARCA Phase 2 Schedule D	Formal Statement of Community Consultation Outcome & DCO Consultation Document Overview																							
	National Gas Project Plan Update																							
PARCA Phase 2 Schedule E	Submit Application to National Infrastructure Directorate & Decision from Secretary of State																							
	National Gas Project Plan Update																							

Capacity Reservation

We will reserve the capacity from the date specified in the Phase 1 PARCA Works Report. Irrespective of whether investment in the NTS is required to deliver your capacity, we will reserve the capacity until either the PARCA is terminated, or the capacity is formally allocated to the NTS User, in line with the Capacity Allocation Date provided in the Phase 1 PARCA Works Report.

Within 10 business days of the capacity being reserved, we will publish the following information to the industry:

- Where there is a proposal for substitution, the quantity of any Unsold Enduring Annual NTS Exit Capacity and / or Quarterly NTS entry capacity that has been reserved from

each contributing NTS Exit Point and / or NTS Entry Point and the relevant reservation periods.

- The location of the NTS Exit Point and / or NTS Entry point which the PARCA relates to (or geographical area).
- The quantity of Unsold Enduring Annual NTS Exit (Flat) Capacity and / or Quarterly NTS Entry Capacity reserved at the NTS Exit Point and / or NTS Entry Point and the relevant reservation periods.
- The total quantity of Reserved System Capacity at the NTS Exit Point and / or NTS Entry Point.

Changes to the Quantity of Reserved Capacity

We understand that your capacity requirements may change as your project progresses and the technical capabilities of your project become more certain. You may change your capacity requirement once we have reserved it on your behalf, providing this is within the prevailing capacity range as detailed in the PARCA contract. If you request a change to the quantity of capacity that is outside of this range, we will still consider this, however there is no guarantee we will agree to the change.

Whenever there is a change to the level of Reserved capacity, we will publish an update to the industry accordingly.

For non-UNC parties, you will be able to make changes to the quantity of Reserved Capacity within the range until a NTS User(s) is nominated and the nomination(s) is confirmed. For UNC parties, as no User nomination process is required, you will be able to make changes to the quantity of Reserved Capacity up to a month prior to the Capacity Allocation Date.

Nomination of a User (Non-UNC parties only)

If you are a non-UNC party you will need to nominate one (or more) UNC Party(s) to be registered as holding all (or part) of the capacity reserved under the relevant PARCA ahead of the Capacity Allocation Date. If a non-UNC party ultimately fails to nominate a NTS User we will discuss options with the non-UNC party and ultimately we may need to exercise our right to terminate the PARCA. This is because in accordance with the UNC and our Transporters licence only UNC parties are entitled to Registered as holding and utilise NTS capacity.

You will need to provide us with the User nomination template with all relevant information completed. The template is included in the PARCA, and we have also provided an example in Appendix B of this document.

Once we have received this information from you, we will notify the nominated user(s) accordingly whom must then accept or reject the nomination within 5 business days. Note: where no response is received from a nominated user, the nomination will be rejected. If there are multiple nominated users and one is rejected, none will be accepted, however, a non-code party can re-nominate up to 1 month prior to the allocation date.

The following information is needed when nominating a User:

- The identity of the nominated User(s) Company Name and Shipper Short Code

- The amount (in kWh/d) of reserved capacity to be registered in the name of the nominated User(s). If there are multiple Users, the total nominations cannot exceed the total quantity of reserved capacity.
- NTS System Point
- Reserved Capacity Profile
- The date from which the nominated User(s) is to be registered as holding the capacity.

Phase 2 PARCA Works

Once we have reserved the capacity, we will initiate the relevant statutory planning consent process if it is likely that physical investment in the NTS is required. This will either be the Planning Act or Town & Country Planning as referenced on page 15 of this document.

We will provide you with a progress update at each defined stage of the planning process. If there is no requirement for us to do a physical investment, progress updates on activities will still be communicated on a regular basis.

Demonstration Information

Throughout Phase 2 PARCA Works, Demonstration Information is required from you that reflect your project is progressing. This demonstrates the capacity need case and ensures capacity is not being removed from the market without justification.

Typical Demonstration Information Requirements	Applicable PARCA Phase
<ul style="list-style-type: none"> • Technical data demonstrating the requirement for a fine-tuning Capacity range 	PARCA Phase 0 (Upon Application)
<ul style="list-style-type: none"> • Signed full Connection Offer (FCO) / Construction Agreement for a new (or modified) NTS Connection site. (If relevant). 	Phase 2 PARCA Works Schedule E / F
<ul style="list-style-type: none"> • Full financial backing for the customer's Project. 	Phase 2 PARCA Works Schedule F
<ul style="list-style-type: none"> • Contracts for detailed design placed for the facilities (and connecting pipeline where required) in relation to the NTS connection site. 	Phase 2 PARCA Works Schedule E
<ul style="list-style-type: none"> • Contracts for construction placed for the customer's Project facilities downstream of the NTS connection site, including connecting pipeline, where required. 	Phase 2 PARCA Works, Schedule F
<ul style="list-style-type: none"> • Construction commenced at the customer's Project site. 	Phase 2 PARCA Works, Schedule F
<ul style="list-style-type: none"> • Construction of the connecting pipeline commenced, where required. 	Phase 2 PARCA Works Schedule F
<ul style="list-style-type: none"> • Full planning permission has been granted for the; <ul style="list-style-type: none"> ○ Customer's Project site and; ○ National Gas's NTS connection facilities (NTS connection site) where this is remote from the customer's Project site and; 	Phase 2 PARCA Works, Schedule F

<ul style="list-style-type: none"> ○ Any connecting pipeline between the NTS connection site and the customer's Project site ○ Where applicable; including Local, National 	
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<ul style="list-style-type: none"> ● Milestone information detailing key stages in planning of the customer's Project 	Phase 2 PARCA Works, Schedule F
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<ul style="list-style-type: none"> ● Identify the User (UNC party) to which the formal capacity allocation will be made. 	Phase 2 PARCA Works, Schedule F
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We have produced a demonstration information guidelines document that explains the type of information we may expect from you and in the Phase 1 PARCA Works Report for your specific PARCA. We will provide you with a schedule of information requirements specifically for your project and the respective submission dates.

In the event that we have not received demonstration data relating to Phase 2 PARCA Works by the third demonstration date set by National Gas, we will discuss options with the customer and the PARCA agreement may be terminated. We will send out a reminder for the second demonstration date established, but this will not preclude National Gas from exercising its termination rights.

Financial Security

Throughout Phase 2 PARCA Works, you will be required to demonstrate a financial commitment to the reserved capacity via the annual provision of financial security.

In the Phase 1 PARCA Works Report, we will have provided you with a security amount that is calculated by applying a capacity charge to the maximum daily quantity of capacity requested. This security amount will then be phased annually to derive annual security requirements shown below: reserved.

- Year 1 = 25% x Security Amount
- Year 2 = 50% x Security Amount
- Year 3 = 75% x Security Amount
- Year 4 and beyond = 100% x Security Amount

We recognise that Phase 2 PARCA Works may be less than or greater than four years depending on both the level and complexity of works required and your own project timescales. The anticipated Phase 2 PARCA Works timeline will be provided in the Phase 1 PARCA Works Report and the security amount will remain the same regardless of the phase 2 timeline.

For example, where Phase 2 PARCA Works takes 36 months, you will not be required to provide the 4th year of financial security:

- Year 1 = 25% x Security Amount
- Year 2 = 50% x Security Amount
- Year 3 = 75% x Security Amount

Or, if Phase 2 PARCA Works takes 60 months, you will be required to provide financial security for each additional year on the same phasing basis as year 4. For example:

Year 1 = 25% x Security Amount
Year 2 = 50% x Security Amount
Year 3 = 75% x Security Amount
Year 4 = 100% x Security Amount
Year 5 = 100% x Security Amount

I.e., beyond year 4 the requirement does not increase, it just needs to be renewed to the same level on an annual basis.

Capacity Allocation

If at the end of Phase 2 PARCA Works you wish to proceed to Phase 3, we will formally allocate the capacity to you in your capacity as an NTS User, or your nominated NTS User(s). Upon allocation of the capacity, the capacity is then fully financially committed i.e., the capacity is purchased and will be invoiced in accordance with UNC.

As part of the Demonstration Information required, where you require a new connection to the NTS, you must have submitted the application for a new connection and signed a Full Connection Offer (FCO) for us to be able to allocate the capacity. Please note that if you have not initiated the Application to Offer process, we will be unable to allocate the capacity.

Once the capacity is formally allocated, the PARCA contract expires and the capacity delivery phase (Phase 3) is initiated, where if necessary, physical works will be carried out.

Termination of a PARCA during Phase 2 PARCA Works

Where a PARCA is terminated during Phase 2 PARCA Works, the Reserved Capacity may be used to provide the capacity requirements for another PARCA or made available to the market. Subject to the terms of the PARCA, we will invoice you for a termination amount (the Total PARCA Termination Amount) for which the calculations are detailed on page 22 of this document.

Termination by the PARCA Reservation Party

The PARCA process is flexible and as such you may terminate the contract at any point up until the capacity is allocated to you or your nominated user(s) subject to the payment of a termination fee.

Termination by National Gas

We may terminate the PARCA for the following reasons;

Where a User Nomination (non-UNC parties only) has not been submitted

If 100% of the capacity has not been nominated to one or more users at least one month prior to the capacity allocation date, we may terminate the PARCA. National Gas has a non-contractual policy of providing notice of any upcoming expiry approximately 90 days in advance of the expiry date.

Where Demonstration Information has not been provided

If the required demonstration information has not been provided by the third demonstration date, we may terminate the PARCA contract.

Where Financial Security has not been provided

Where you do not provide or maintain the required level of financial security or where such security ceases to be valid, we may terminate the PARCA.

Where Statutory Planning Consent has not been obtained

If we fail to obtain the relevant planning consent, we may terminate the PARCA.

Termination Amount

The termination amount is based upon the period of days between commencement of PARCA Phase 2 PARCA Works and the PARCA Termination date. It will be equal to the minimum of the security amount, or;

$$\frac{\text{Security amount}}{1461^*} \times \text{Number of days between the start of Phase 2 PARCA Works and the date of Termination}$$

*where 1461 = number of days in 4 years

Where a PARCA applicant wishes for us to draw down on the security to pay the termination fee, we will arrange to do so.

Phase 3

Phase 3, whilst not a UNC defined term, is the time between capacity allocation and the capacity Registration Date. Our activities in this Phase may include network reinforcement.

Capacity Delivery

You will have the commercial capacity rights to access the NTS from this point forward.

PARCA Appendix A – Publication of PARCA Information

Information Published to the Customer

Information Published to the PARCA applicant	Applicable PARCA Phase
Investment Need Case Report	
Technical Options Report	
Indicative Capacity Reservation Date	
Indicative Capacity Allocation Date	
Indicative Capacity Delivery Date	Phase 1 PARCA Works
Indicative Capacity Charges	
Indicative Security Amount	
Quantity of Capacity to be reserved	
Demo Information & Date Requirements	
Strategic Options Report & Recommendations	
Summary of External Consultation Findings	Phase 2 PARCA Works
Confirmation Pre-Capacity RD Triggered (Ofgem)	Schedule A
National Gas Project Plan Update	
Outline Routing and Siting Recommendations	
Final Route Corridor/Siting Study Recommendation	Phase 2 PARCA Works
Summary of External Consultation Findings	Schedule B
National Gas Project Plan Update	
Detailed Routing and Siting Recommendations	
Environmental Impact Assessment (EAI) Outcome	Phase 2 PARCA Works
Summary of External Consultation Outcome	Schedule C
National Gas Project Plan Update	
Formal Consultation (SOCC) Outcome	Phase 2 PARCA Works
DCO Consultation Document – Overview	Schedule D
National Gas Project Plan Update	

Progress Update on National Infrastructure Dept. (NID) Engagement;
Submission, Hearings. Phase 2 PARCA Works
DCO Application Document Schedule E
National Gas Project Plan Update

Progress Update on National Infrastructure Dept (NID) Engagement;
Submission, Hearings.
Post DCO Consent and User Capability Allocation: Phase 2 PARCA Works
Provide the customer with confirmation as to the commencement /
anticipated completion dates of the NTS reinforcement project Schedule F
Confirmation Post Capacity RD Triggered (Ofgem)
National Gas Project Plan Update

Progress Update on Local Authority engagement, submission, hearings
Post Consent and User Capacity Allocation:
Provide the customer with confirmation as to the commencement /
anticipated completion dates of the NTS Reinforcement Project Phase 2 PARCA Works
Confirmation Post Capacity RD has been triggered (with Ofgem) Schedule G
National Gas Project Plan Update

Confirmation to customer that project is complete
Opportunity for customer / National Gas to explore throughout PARCA
milestones; Other

- Lessons learned
- Process excellence / improvements

Information Published to other NTS Users

Information Published to other NTS Users	Applicable PARCA Phase
<p>Within 10 days of initiation of the Phase 1 PARCA Works, National Gas will publish:</p> <ul style="list-style-type: none">• The geographical area of the PARCA NTS Exit Point and/or NTS Entry Point• An indicative range of Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity based upon the maximum quantity of capacity requested• The indicative Capacity Reservation Date• The requested Capacity Registration Date• An invitation for NTS Users to participate in an Ad-hoc QSEC Auction with at least 28 days' notice, if applicable• Notification of the opening of a PARCA Application Window which will remain open for a maximum of 40 business days	Phase 1 PARCA Works
<p>Within 10 days of the Reservation of NTS exit capacity and/or entry capacity, National Gas will publish:</p> <ul style="list-style-type: none">• Where substitution is proposed, the quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity that has been reserved from each donor NTS Exit Point(s) and/or NTS Entry Point(s) and the relevant periods.• The geographical area of the PARCA NTS Exit Point and/or NTS Entry Point or the NTS Exit and/or NTS Entry Point if known.• The quantity (if any) of Unsold Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity reserved at the PARCA defined NTS Exit and/or NTS Entry Point and the relevant periods.• The total quantity (if any) of Enduring Annual NTS Exit (Flat) Capacity and/or Quarterly NTS Entry Capacity reserved at the PARCA defined NTS Exit and/or NTS entry Point.	Phase 2 PARCA Works
<p>National Gas will publish, as soon as reasonably practical and respecting commercial confidentiality, details of the progress made against each PARCA Phase. This will include in each case the submission of application for a Development Consent Order (DCO) (if required), receipt of a DCO (if required), and calculation of any required revenue drivers.</p> <ul style="list-style-type: none">• Not more than 24 hours after the time at which National Gas notifies the Nominated User or Reservation User of their allocation of entry capacity, National Gas will notify all Users in respect of each calendar quarter:• The price (in pence/kWh) accepted for entry capacity by a User (and the amount of entry capacity applied for)• The volume of entry capacity allocated• The incremental volume entry capacity allocated• The amount of Unsold entry capacity (if any) following the allocation	PARCA Phase 3
<p>Not more than 24 hours after the time at which National Gas notifies the NTS User or nominated NTS User of their allocation of NTS exit capacity, National Gas will notify all Users of the following information:</p>	PARCA Phase 3

- The Volume of exit capacity allocated
- The Incremental exit capacity allocated

Within 10 business days of the Termination of a PARCA, National Gas will publish the quantity and location of any exit capacity and/or entry capacity that is no longer reserved and is being made available to the market.

PARCA Phase 1,2,3

PARCA Appendix B – User Nomination Form

In accordance with Clause 6 of the Planning and Advanced Reservation of Capacity Agreement (PARCA) where the Reservation Party is not a User, the Reservation Party is required to provide details of a Nominated User(s) to National Gas.

This User Nomination form will be used by National Gas to obtain acceptance of your nomination from the User. Where there are multiple Nominated Users, please submit individual User Nomination forms and ensure that the aggregate of the individual amounts of Reserved Capacity will match the total amount of Reserved Capacity under the PARCA that is to be allocated on the Allocation Date.

The User Nomination form should be submitted by the Reservation Party to National Gas on any day between the Reservation Date and at least one (1) month prior to the capacity Allocation Date.

The Reservation Party shall specify the following information with respect to a User Nomination:

Identity of Nominated User

Company Name:

Shipper Short Code:

NTS System Point:

Amount of Reserved Capacity (kWh/day)¹

Reserved Capacity Profile:

Registration Date²:

Once complete, please forward this User Nomination form to your Customer Contract Manager at National Gas.

Signed by:

Print:

Company (reservation party):

Date:

¹ The amount of Reserved Capacity shall not be:

- (a) greater than the Reserved Capacity; or
- (b) less than 100,000 kWh/Day.

The amount of Reserved Capacity may include an amount of Reserved Capacity Tolerance which is determined in accordance with the provisions in the PARCA.

² or such later date as the Parties (as applicable) determine in accordance with Clause 8 of the PARCA being:

- (a) where the Reserved Capacity comprises Quarterly NTS Entry Capacity, the first day of a calendar quarter; or
- (b) where the Reserved Capacity comprises Enduring Annual NTS Exit Capacity, the first day of a calendar month.

For further information please click on the links detailed below;

Entry Capacity Release Methodology Statement (ECR) v8.0
<https://www.nationalgas.com/document/143021/download>

Entry Capacity Substitution Methodology Statement (ECS) v12.0
<https://www.nationalgas.com/document/143026/download>

Exit Capacity Release Methodology Statement (ExCR) v15.0
<https://www.nationalgas.com/document/139806/download>

Exit Capacity Substitution and Revision Methodology Statement v10.0
<https://www.nationalgas.com/document/143031/download>

Generic Entry and Exit Revenue Driver Methodology Statement v3.0
<https://www.nationalgas.com/document/111856/download>

Gas Transmission Planning Code (2023)
<https://www.nationalgas.com/document/144401/download>

The Statement of Gas Transmission Transportation Charges
<https://www.nationalgas.com/charging/transmission-system-charges>