



**Review of the
Terms of the “Advanced Reservation of Capacity
Agreement”
in respect of the
Enduring Exit Regime.
Consultation Conclusions Report**

January 2012

Consultation Report - Review on the terms of the “Advanced Reservation of Capacity Agreement” in respect of the Enduring Exit Regime.

Executive Summary

Introduction

Uniform Network Code (“UNC”) Section B3.3 envisages that National Grid NTS (“National Grid”) may enter into an Advanced Reservation of Capacity Agreement (‘ARCA’) with Reservation Parties (i.e. non-Users such as project developers). The ARCA is intended to allow Reservation Parties to access NTS Exit (Flat) Capacity for subsequent allocation to nominated Users as Enduring Annual NTS Exit (Flat) Capacity. UNC anticipates that the terms of the ARCA will be similar to equivalent UNC terms for Users.

On 16th December 2011 National Grid consulted on 2 versions of the ARCA, one with Works and one with No Works, this closed on 13th January 2012.

Responses

Representations were received from 1 respondent in respect of the Works ARCA listed below.

Centrica Energy

Detailed comments from the respondent and National Grid NTS’ response, where required, are provided in the following table.

Party	Issue	Response Quotes	National Grid NTS Response	Proposed changes
1 – General				
1.1 Centrica		The documents presented for consultation appear to us as being consistent with the requirements attached to the process for applying Enduring Annual NTS Exit (Flat) Capacity.	Noted	None
2 – Reserved Capacity				
2.1 Centrica		In paragraph 7.1 (a) the test should be “equal to or greater than the Reserved Capacity” since a User could add to the original capacity quantity via further capacity applications (probably via Ad Hoc applications if additions were to take effect in the Reserved Capacity Period).	<p>7.1 says:“Where in respect of each Contract Year in the Reserved Capacity Period the Enduring Annual NTS Exit (Flat) Capacity registered at the Relevant NTS Exit Point pursuant to Clause 4.1 is: (a) equal to the Reserved Capacity, no amount shall be payable by the Reservation Party;”</p> <p>And 4.1 says:“.....the Reservation Party may by notice to National Grid NTS nominate a User (the “Nominated User”) to be registered as holding an amount of Enduring Annual NTS Exit (Flat) Capacity at the Relevant NTS Exit Point.”</p> <p>The Reservation Party cannot nominate a quantity greater than that reserved under the ARCA, so it is not possible for 7.1(a) to relate to a quantity “greater than” the Reserved Capacity. Hence the proposed change could be misleading..</p> <p>However, this highlights that a change to clarify the limits on a Reservation Party's nominations would be beneficial.</p>	Change to paragraph 4.1 in the Works ARCA and paragraph 3.1 in the No Works ARCA. “.....the Reservation Party may by notice to National Grid NTS nominate a User (the “ Nominated User ”) to be registered as holding an amount of Enduring Annual (Flat) Capacity at the Relevant NTS Exit Point, which for all nominated Users must not, in aggregate, exceed the Reserved Capacity.

3 – Outstanding Commitment Amount				
3.1	Centrica	In paragraph 7.4 no amount should be payable by the Reservation Party if the Outstanding Commitment Amount is “negative or Zero ”	Agreed this change will be made to both the Works ARCA and the No Works ARCA.	Change to paragraph 7.4 in Works ARCA, and paragraph 6.4 in the No Works ARCA “For the avoidance of doubt if the Outstanding Annual Commitment Amount for a Contract Year is negative or zero then no amount shall be payable by the Reservation Party in relation to such Contract Year”.