



Chris Brown  
Head of Gas Systems  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Matthew.Hatch@nationalgrid.com  
Direct tel +44 (0)1926 655893

[www.nationalgrid.com](http://www.nationalgrid.com)

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Dear Chris,

**Statutory consultation on proposed Licence modifications to facilitate the implementation of the Capacity Allocation Mechanisms (CAM) Network Code in Great Britain**

We welcome the opportunity to respond to the above consultation. This response is provided on behalf of National Grid, as National Grid Gas in its role as owner and operator of the Gas Transmission System in Great Britain.

**The proposed changes and our views:**

For context, National Grid intends to make use of the existing GB PARCA process for Interconnection Points (IPs), but amended in line with CAM requirements. These arrangements are collectively referred to as the IP PARCA process hereafter.

***Amending Special Condition 1A definitions for 'PARCA' and 'PARCA Applicant'***

We agree that amendments to the definitions for 'PARCA' and 'PARCA Applicant' are needed to ensure that the IP PARCA process falls under the governance of the Licence. In conjunction with the CAM network code and UNC modification 597, this gives certainty to the regulatory framework for the release of incremental capacity at Interconnection Points on the National Transmission System.

***Amendments to Special Condition 11C: Services treated as Excluded Services***

We agree that the definition of the Excluded Service relating to 'PARCA Activities' should be amended to include the relevant revenues associated with the IP PARCA process. In line with existing PARCA, where the design fee is retained by National Grid for an IP PARCA it shall be treated as an Excluded Service.

Note: The CAM IP PARCA process also allows for a scenario where the economic test is successfully passed and the design fee is not retained by National Grid, in which case the fee is paid back to the PARCA Applicant. In this situation then National Grid believes it is appropriate to recover the design fee through the Price Control Financial Model, and will continue discussions with Ofgem to this effect.

If you have any questions regarding any points raised in this response, then please do not hesitate to contact me on the details above, or Malcolm Montgomery ([malcolm.montgomery@nationalgrid.com](mailto:malcolm.montgomery@nationalgrid.com)) – (01926 653991).

Yours sincerely

Matthew Hatch

Commercial Development Manager  
Market Change Gas  
National Grid