

To: National Grid Gas Plc (company number 02006000)

**Gas Act 1986
Section 23(2)**

Notice of statutory consultation on a proposal to modify the Special Conditions of the Gas Transporter Licence held by National Grid Gas Plc

1. In accordance with Section 23(1), the Gas and Electricity Markets Authority ("the Authority")¹ proposes to modify the Special Conditions of the Gas Transporter Licence held by National Grid Gas Plc ("the licensee") granted or treated as granted under section 7 of the Gas Act 1986 by amending Part A of Special Condition 7.14 (Close out of the RIIO-GT1 Entry Capacity and Exit Capacity Constraint Management incentive revenue (LCMIR_t)).
2. We are proposing this modification to amend the R1CMIR_t term in respect of Regulatory Year commencing 1 April 2022 only, to reflect changes to the revenue received by the licensee for the Capacity Constraint Management (CCM) incentive for that year, as determined by the Authority and supported by the licensee.
3. The effect of this proposed modification will be a change in value of the R1CMIR_t term for Regulatory Year commencing 1 April 2022, with the value of the CMOppM_{2020/21} term that feeds into its calculation being amended to -2.629. The CCM incentive revenue is calculated on a two year lag, meaning changes to the R1CMIR_t term for Regulatory Year commencing 1 April 2022 will reflect the licensee's performance in Regulatory Year commencing 1 April 2020.
4. A copy of the proposed modification and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
5. Any representations with respect to the proposed licence modification must be made on or before 19 July 2021 to: Max Lambert by email to Gas.TransmissionResponse@ofgem.gov.uk.
6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive response in an electronic form so they can be placed easily on our website.
7. If we decide to make the proposed modification it will take effect not less than 56 days after the decision is published.

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David O'Neill
Head of Gas Markets and Systems
Duly authorised on behalf of the
Gas and Electricity Markets Authority

18 June 2021

¹ The terms "we", "us" and "our" and "the Authority" are used to refer to the Gas and Electricity Markets Authority.

APPENDIX 1: Part A of Special Condition 7.14: Close out of the RIIO-GT1 Entry Capacity and Exit Capacity Constraint Management incentive revenue (LCMIR_t)

Proposed text added is shown as: double underscored

Part A: Formula for calculating the RIIO-GT1 Constraint Management incentive revenue close-out term (LCMIR_t)

7.14.3 For the Regulatory Years commencing on 1 April 2021 to 1 April 2022, the value of LCMIR_t is derived in accordance with the following formula:

$$LCMIR_t = R1CMIR_t \cdot RPIF_t$$

Where:

R1CMIR_t has, for Regulatory Year commencing on 1 April 2021, the value of CMIR_t derived in accordance with Part G Special Condition 3B (Entry Capacity and Exit Capacity Constraint Management) of this licence as in force on 31 March 2021.

For the Regulatory Year commencing on 1 April 2022 has the value of CMIR_t derived in accordance with Part G of Special Condition 3B (Entry Capacity and Exit Capacity Constraint Management) of this licence as in force on 31 March 2021 reflecting a CMOppM_{t-2} value of £-(minus)2.629m.

RPIF_t has the value of RPIF_t as determined in accordance with Part D of Special Condition 3A (Restriction of NTS System Operation Revenue) of this licence as in force on 31 March 2021.

APPENDIX 2: Relevant Licence Holders²

National Grid Gas plc

² Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/list-all-gas-licensees-including-suppliers>