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Dear David,

Statutory Consultation on proposed changes to Part B of Special Condition 2.1 and Part B of Special Condition 2.3 of National Grid Gas Plc's Gas Transporter Licence

This response is made on behalf of National Grid Gas plc (NGG). We welcome the opportunity to respond to this Statutory Consultation on proposed licence changes to amend Part B of Special Condition 2.1 (Formula for calculating the TO Recovered Revenue term (RRt)); and Part B of Special Condition 2.3 (Formula for calculating the SO Recovered Revenue term (SORRt) of the NGG licence).

We agree with the proposed substantive changes included within this consultation. We believe this is an important update to make following the implementation of UNC678A and provides the clarity of treatment, without ambiguity, that the revenues associated with the following products should be reallocated in order to be considered Transmission Owner Recovered Revenues under the NGG licence:

- Interruptible Entry Capacity
- Off-Peak Exit Capacity;
- All on the Day sales of Non-Incremental Obligated Entry Capacity and Funded Incremental Obligated Entry Capacity, and;
- All on the Day sales of Non-Incremental Obligated Exit Capacity and Funded Incremental Obligated Exit Capacity.

There are three minor issues with the proposed drafting that we would draw to your attention:

- In 2.1.4 no "and" is required after each of the new sub-paragraphs (a) being inserted at TOREntCt and TORExct;
- The baseline drafting to which the proposed changes are being added needs to recognise the changes directed to 2.1.4 by Ofgem's licence direction of 28 May 2021. This direction amended the text at TOREntCt and TORExct to read "means the amount of revenue in respect of NTS Transportation Owner Activity that results from...". This should be reflected in the drafting in the subsequent licence direction; and
- The baseline drafting to which the proposed changes are being added needs to recognise the changes directed to 2.3.4 by Ofgem's licence direction of 28 May 2021. This amended the text at SOREntCt and SORExct to read "means the amount of revenue in respect of NTS System Operation Activity that results from..." The insertion of "in respect of NTS System Operation Activity" at these terms proposed by this consultation is therefore not required as this text has already been added to the NGG licence. This should be reflected in the drafting in the subsequent licence direction.

We hope that the information provided is useful for you. Please do not hesitate to contact us to discuss any elements of this response.

Yours sincerely

A handwritten signature in black ink that reads "A.J. Nixon". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Tony Nixon
Head of Gas Transmission, Regulation