

**To:**

National Grid Gas Plc (NTS)  
Cadent Gas Limited  
Northern Gas Networks Limited  
Scotland Gas Networks plc  
Southern Gas Networks plc  
Wales & West Utilities Limited

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

**Notice of statutory consultation on a proposal to modify the Special Conditions and the Standard Special Conditions of the Gas Transporter licence held by licensees listed above**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the Special Conditions and Standard Special Conditions (SSCs) of the Gas Transporter licence held by each of the above licensees ('the licensees') granted or treated as granted under section 7 of the Gas Act 1986 by:
  - a. Amending the existing Special Conditions, including the Price Control Financial Handbook;
  - b. Amending the existing SSCs; and
  - c. Issuing the NARM Handbook and Network Asset Risk Workbook, which form part of Special Condition 3.1 (Baseline Network Risk Output).
1. The reasons and effects of these proposed modifications together with the full text of the proposed modifications can be found on our website<sup>2</sup>, alternatively they are available from [foi@ofgem.gov.uk](mailto:foi@ofgem.gov.uk). Modifications that were substituted by the CMA's Order<sup>3</sup> on RIIO-2 Appeals<sup>4</sup> are shown in green highlight.
2. In addition, further details and background on these proposed changes are set out in the following documents:
  - a. CMA's Order in relation to joined ground D 'licence modification process' following the Energy Licence Modification Appeals 2021.
  - b. Ofgem's Consultation on Licence fee cost recovery principles<sup>5</sup>.
3. Any representations with respect to the proposed licence modifications must be made on or before 17<sup>th</sup> January 2022 to: Dale Winch, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [Dale.Winch@ofgem.gov.uk](mailto:Dale.Winch@ofgem.gov.uk).
4. 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 However, if you do not wish your response to be made public then please clearly mark it as not for publication.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

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<sup>1</sup> The terms "the Authority", "we" and "us" are used interchangeably in this document.

<sup>2</sup> <https://www.ofgem.gov.uk/publications/statutory-consultation-proposed-changes-riio-2-transmission-and-gas-distribution-licences>

<sup>3</sup> CMA's Final Determinations and order in the Energy Licence Modification Appeals, issued on 28 October 2021. [Energy Licence Modification Appeals 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/102444/Energy_Licence_Modification_Appeals_2021_-_GOV.UK_(www.gov.uk))

<sup>4</sup> <https://www.gov.uk/cma-cases/energy-licence-modification-appeals-2021>

<sup>5</sup> [Licence fee cost recovery principles - proposed minor amendments December 2021 | Ofgem](https://www.ofgem.gov.uk/publications/consultation-proposed-changes-riio-2-transmission-and-gas-distribution-licences)

prefer to receive responses in an electronic form so they can be placed easily on our website.

5. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

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**Laura Nell**  
**Interim Deputy Director**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**15/12/2021**