

To:

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

**Gas Act 1986
Section 23(1)(a)**

Modification of the Special Conditions and Standard Special Conditions of the Gas Transporter Licence held by the licensees listed above

1. Each of the licensees to whom this document is addressed is the holder of a Gas Transporter Licence ('the Licence') granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Under section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 15 December 2021 ('the Notice') that we propose to modify the Licence 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).
3. We stated that any representations to the modification proposal must be made on or before 17 January 2022.
4. A copy of the Notice was sent to the Secretary of State in accordance with section 23(4)(b) of the Act, and we have not received a direction that the change should not be made.
5. We received 9 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments can be found in our Issues Log, on our website², alternatively they are available from foi@ofgem.gov.uk.
6. It is necessary to make a number of alterations to the modifications set out in the Notice. These alterations are shown in yellow highlight in the modification text that can be found on our website. The reasons for the differences between the modifications set out in the Notice and the modifications are to correct errors in the modifications proposed, improve the modifications proposed and to address minor issues and corrections raised since the issuing of the Notice such as formatting errors.

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

² <https://www.ofgem.gov.uk/publications/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions-1-april-2022>

7. The reasons and effects document is our notice of reasons for the purposes of section 38A of the Act and can be found on our website³, together with the full text of the modifications. Modifications that were substituted by the CMA's Order⁴ on RIIO-2 Appeals⁵ are shown in green highlight.
8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B of the Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules⁶ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. Annex 1 provides a list of the relevant licence holders in relation to this modification. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 23(1)(a) of the Act, we hereby modify the Special Conditions and Standard Special Conditions of the Gas Transporter Licence of the licensees in the manner specified on our website. This decision will take effect from 1 April 2022.

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

03/02/2022

³ <https://www.ofgem.gov.uk/publications/statutory-consultation-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions-0>

⁴ 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/energy-licence-modification-appeals-2021)

⁵ <https://www.gov.uk/cma-cases/energy-licence-modification-appeals-2021>

⁶ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Annex 1: Relevant Licence Holders⁷

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⁷ Gas licence holders are listed on our website here: <https://www.ofgem.gov.uk/publications-and-updates/list-allgas-licensees-including-suppliers>