

**To: National Gas Transmission Plc ('NGT')**

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

**Notice of statutory consultation on a proposal to modify Special Conditions 3.14  
Asset health Re-opener (AH<sub>t</sub>) and 1.1 Interpretation and definitions of the Gas  
Transporter licence held by National Gas Transmission Plc**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the Special Conditions ('SpC') of the gas transporter licence ('the Licence') held by NGT granted or treated as granted under section 7 of the Gas Act 1986 by amending: (i) SpC 3.14 Asset health Re-opener (AH<sub>t</sub>) and SpC 1.1 Interpretation and definitions to insert the defined term "Valves", and (ii) widen the scope of SpC 3.14.9 so that it also applies to the financial year 2023/24.
2. We are proposing these modifications to correct the current drafting of SpC 3.14 which does not accurately reflect the original policy decision set out in RIIO-T2 Final Determinations (FD).<sup>2</sup> Namely:
  - a. The current licence conditions do not allow us to allocate funding for asset health interventions related to "Valves" under SpC 3.14, as intended in the FD.<sup>3</sup>
  - b. Further, the ex-post true up mechanism in SpC 3.14.9 currently applies only to the first two years of the RIIO-T2 price control (2021/22 and 2022/23). At FD we stated that it would apply to the first three years, so 3.14.9 could also be used to adjust allowances for 2023/24.<sup>4</sup>
3. The effect of these proposed modifications is to remedy an omission by adding asset health interventions on "Valves" to the existing interventions on "Compressor Cabs and Plant And Equipment" that are eligible for funding through SpC 3.14. It also extends the coverage of the ex-post true up mechanism by one year, so that it would apply to the financial years 2021/22 to 2023/24.
4. The reasons and effects of the proposed modifications, together with the full text of the proposed modifications, are published alongside this notice on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively, they are available from [information.rights@ofgem.gov.uk](mailto:information.rights@ofgem.gov.uk).

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

<sup>2</sup> [RIIO-2 Final Determinations - NGGT Annex \(REVISED\) \(ofgem.gov.uk\)](#)

<sup>3</sup> Ibid at 3.116 to 3.119 and 4.29.

<sup>4</sup> Ibid at 4.28.

5. Any representations with respect to the proposed licence modifications must be made on or before 22 April 2024 to: Graham Craig, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [graham.craig@ofgem.gov.uk](mailto:graham.craig@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 responses in an electronic form so they can be placed easily on our website.
7. 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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**Jourdan Edwards**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**25 March 2024**