

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

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

**Modification of the special conditions 1.1 Interpretation and definitions and 3.14 Asset health Re-opener (Aht) of the gas transport licence held by NGT**

1. NGT 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')<sup>1</sup> gave notice on 25 March 2024 ('the Notice') that we propose to modify special conditions ('SpC') by amending (i) 3.14 Asset health Re-opener (Aht) and 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 regulatory year 2023/24.
3. 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.
4. We received 1 response to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is published within the decision document published alongside this notice.
5. We are making these licence changes 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>
6. 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 regulatory years 2021/22 to 2023/24.
7. 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 5.6 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules<sup>5</sup>

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

<sup>2</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/final\\_determinations\\_-\\_nggt\\_annex\\_revised.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2021/02/final_determinations_-_nggt_annex_revised.pdf)

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

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

<sup>5</sup> CMA70 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655601/energy-licence-modification-appeals-rules.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf)

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. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

8. Under the powers set out in section 23(1)(a) of the Act, we hereby modify the special conditions of the gas transporter licence of NGT in the manner specified in appendices 1 and 2 to the Decision to modify Special Condition 3.14 Asset health Re-opener of National Gas Transmission Plc's gas transporter licence published alongside this notice. This decision will take effect from 4 July 2024.
9. This document is notice of the reasons for the decision to modify the gas transporter licence held by NGT as required by section 38A of the Act.



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**Jourdan Edwards**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**8 May 2024**