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Dear Mark

**Notice under Section 23(3) of the Gas Act 1986
Modifications proposed to the two Gas Transporter licences held by Transco plc**

We welcome the opportunity to respond to the above statutory licence consultation.

We believe that the proposed drafting more accurately reflects the policy decision taken by Ofgem during the DN sales process on the business separation requirements between Transco plc's National Transmission System (NTS) business and its retained Distribution Network business (RDN). In particular that any arrangements between the NTS and RDN do not unduly differ from those that exist, or could exist, between the NTS and any other DN owner.

Therefore, having considered the licence drafting set out in Appendices A and B, we agree with Ofgem that if implemented, the modifications would help clarify the nature of the business separation obligations.

I hope that you will find the above comments helpful.

Yours sincerely

Rob McDonald
Director of Regulation