

**To the Company Secretary:**

National Grid Gas plc  
Company number: 2006000  
1-3 Strand  
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WC2N 5EH

Northern Gas Networks Limited  
Company number: 5167070  
1100 Century Way  
Thorpe Park Business Park  
Colton  
Leeds  
LS15 8TU

Scotland Gas Networks plc  
Company number: SC264065  
Inveralmond House  
200 Dunkeld Road  
Perth  
Perthshire  
PH1 3AQ

Southern Gas Networks plc  
Company number: 5167021  
2 Leasons Hill  
St Mary Cray  
Orpington  
Kent  
BR5 2TN

Wales & West Utilities Limited  
Company number: 5046791  
Wales & West House  
Spooner Close  
Coedkernew  
Newport  
South Wales  
NP10 8FZ

**MODIFICATION UNDER PARAGRAPH 3 OF STANDARD SPECIAL CONDITION D2 OF THE GAS TRANSPORTER LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS ACT 1986; AND NOTICE OF THE REASON FOR THE DECISION TO MODIFY**


Whereas:

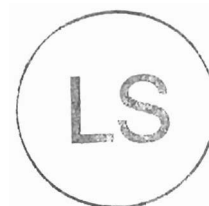
1. National Grid Gas plc, Northern Gas Networks Limited, Scotland Gas Networks plc, Southern Gas Networks plc and Wales & West Utilities Limited are the holders of gas transporter licences (the "DN Licences") in respect of their Distribution Network ("DN") businesses granted under section 7 of the Gas Act 1986 (the "Act").
2. Pursuant to paragraph 3(a) of Standard Special Condition D2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to DN licensees) ("SSC D2") of the DN Licences, the Gas and Electricity Markets Authority (the "Authority") gave notice on 1 March 2007 (the "Notice"), that it proposed to add Standard Special Condition D12 (Requirements to offer terms for the provision of gas entry points) ("SSC D12") in Part D of the DN Licences as set out in the Schedule to the Notice.
3. Prior to the close of the consultation period on 29 March 2007 in respect of the Notice, the Authority received six representations in relation to the proposed introduction of SSC D12. No representations were withdrawn. All non-confidential representations are available from the Ofgem Research and Information centre and on the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).
4. The Authority has carefully considered all representations made in relation to the proposed addition of SCC D12. All representations supported the modification. One respondent requested that the development of individual DN entry contract arrangements should be done in a transparent manner so that the full implications of DN entry flows on the NTS and the generality of customers can be assessed, and if necessary proportionate approaches be adopted.

5. No notices of objections to the proposed introduction of SSC D12 into Part D of the DN Licences in the Notice were given to the Authority within the time period specified in that Notice by any relevant licence holder.
6. Pursuant to paragraph 3(b) of SSC D2, the Authority also gave notice to the Secretary of State of its intention to add SSC D12 to Part D of the DN Licences, and has not received a direction from the Secretary of State not to make the modification.
7. In accordance with section 38A of the Act, the reason for making this Modification to add SSC D12 to Part D of the DN Licences is in summary to implement new arrangements governing the entry of gas into the distribution network, and this reasoning is set out fully in the following documents:
  - (a) 1/07: '*Entry arrangements for connecting to the gas distribution network*', Ofgem Decision Document - January 2007; and
  - (b) 116/06: '*New entry arrangements for connecting to the gas distribution network*', Ofgem Consultation Document - July 2006,

Pursuant to the powers contained in paragraph 3 SSC D2(3) of the DN Licences, the Authority hereby modifies the DN licenses by adding SSC D12 (Requirements to offer terms for the provision of gas entry points) to Part D of the DN licenses as set out in the Schedule attached herewith with effect on and from 1 April 2007.

**The official seal of the Gas and Electricity Markets Authority is affixed to this modification and is authenticated by**

  
.....  
**Martin Crouch**  
**Director**



**Duly authorised on behalf of the Authority**

**30 March 2007**

## **SCHEDULE**

### **MODIFICATION UNDER PARAGRAPH 3 OF STANDARD SPECIAL CONDITION D2 OF THE GAS TRANSPORTER LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS ACT 1986**

#### **Standard Special Condition D12. Requirement to offer terms for the provision of gas entry points**

##### **Purpose of licence condition**

1. The purpose of this condition is to set out the obligations of the licensee from 1 April 2007 relating to entering into gas entry agreements in respect of gas entry points to the pipe-line system to which this licence relates.

##### **Requirement to offer terms for gas entry points**

2. The licensee shall (subject to paragraph 5) offer to enter into a gas entry agreement (unless the Authority otherwise consents) on receiving an application on or after 1 April 2007, made by any person (the "applicant") containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.
3. In making an offer pursuant to paragraph 2 of this condition, the licensee shall set out the terms on which the licensee shall allow gas to be introduced into the pipe-line system to which this licence relates, including:
  - (a) the date (not being earlier than 1 October 2007) when the licensee shall allow gas to be introduced into the pipe-line system to which this licence relates by means of the gas entry point in respect of which the application was made (time being of the essence, unless otherwise agreed by the applicant);
  - (b) terms that offer up to the maximum flow rate available from time to time on the pipe-line system to which this licence relates at the time of the offer, unless the applicant requests a lesser flow rate than the maximum available;

- (c) terms that require the applicant to pay the licensee's reasonable costs incurred and a reasonable element of profit, so far as the same will not be recoverable by the licensee from elsewhere, through making any necessary reinforcement to the pipe-line system to which this licence relates or carrying out any other activities necessary to enable the gas entry point to be made available;
  - (d) terms that allow the licensee and the applicant to refer any dispute arising over the variation of the terms of the gas entry agreement to the Authority to be settled pursuant to paragraph 8 of this condition; and
  - (e) such other detailed terms in respect of each gas entry point as are or may be appropriate for the purposes of the gas entry agreement.
- 4. The licensee shall offer terms for gas entry agreements in accordance with paragraph 2 as soon as reasonably practicable and (except where the Authority consents to a longer period) in any event not more than 6 months after receipt by the licensee of an application containing all such information as the licensee may reasonably require for the purpose of formulating the terms of the offer.
- 5. The licensee shall not be obliged pursuant to this condition to offer to enter into any agreement if to do so would be likely to involve the licensee being in:
  - (a) breach of its duties under section 9 of the Act;
  - (b) breach either of any regulations made under section 18 of the Act or of any other enactment relating to safety or standards applicable in respect of its transportation business;
  - (c) breach of the licensee's network code; and
  - (d) breach of the conditions of this licence or any other licence granted or treated as granted under section 7 of the Act and held by the licensee.

**Non-discrimination**

- 6. In carrying out the provision of gas entry points the licensee shall not unduly discriminate between any persons or class or classes of persons.

**Determination of disputes**

- 7. If, after a period which appears to the Authority to be reasonable for the purpose, the licensee has failed to enter into a gas entry agreement with a particular applicant, the Authority may, on the application of that applicant or the licensee, settle any terms of the agreement in dispute between the licensee and that applicant in such manner as appears to the Authority to be reasonable.
- 8. If either the licensee or any other party to a gas entry agreement proposes to vary the contractual terms of that gas entry agreement entered into pursuant to this condition, in any manner provided for under that gas entry agreement, the Authority may, at the request of either the licensee or other party, settle any dispute relating to such variation in such manner as appears to the Authority to be reasonable.

**Publication of principal terms**

- 9. The licensee shall publish as soon as reasonably practicable but no later than one month from the date on which it enters into a gas entry agreement the principal terms of that agreement, while having regard to the commercial sensitivity of the other party.

**Definitions**

- 10. In this condition:

<b>"gas entry point"</b>	means a point at which gas may be introduced into the pipe-line system to which this licence relates, but shall not include any point at which such pipe-line system is connected to the pipe-line system of either the NTS operator or a DN operator.
<b>"gas entry"</b>	means an agreement made on or after 1 April

<b>agreement"</b>	2007 between the licensee and another person for connection to the pipe-line system to which this licence relates at a gas entry point for the purpose of introducing gas into that pipe-line system and/or the delivery of gas onto that pipe-line system on or after 1 October 2007.
<b>"flow rate"</b>	means the rate at which energy is or may be delivered to the pipe-line system to which this licence relates expressed in GW.
<b>"maximum flow rate"</b>	means the highest rate at which energy is or may be delivered to the pipe-line system to which this licence relates expressed in GW.
<b>"GW"</b>	means gigawatts.