

**To: National Grid Gas plc
Northern Gas Networks Limited
Scotland Gas Networks Limited
Southern Gas Networks Limited
Wales and West Utilities Limited,**

where they are in respect of any one or more modification relevant licence holders for the purposes of standard special condition A2 of the gas transporter licence.

NOTICE OF MODIFICATION OF THE STANDARD SPECIAL CONDITIONS OF GAS TRANSPORTER LICENCES UNDER STANDARD SPECIAL CONDITION A2

1. Each of the companies to whom this Notice is addressed holds a gas transporter licence granted, or treated as granted, pursuant to section 7 of the Gas Act 1986 (the "Act").
2. In accordance with paragraph 3(a) of Standard Special Condition A2 (Private Collective Licence Modification Procedure in respect of Standard Special Conditions applicable to both NTS and DN licensees), the Gas and Electricity Markets Authority (the "Authority") gives notice that it proposes to modify the Standard Special Conditions of:
 - (a) the gas transporter licence held by National Grid Gas plc in respect of its National Transmission System (the "NTS licence"); and
 - (b) the gas transporter licences held in respect of Distribution Network businesses (the "DN licences") by National Grid Gas plc in respect of its distribution business, Northern Gas Networks Limited, Scotland Gas Networks Limited, Southern Gas Networks Limited and Wales and West Utilities Limited.
3. The Authority is proposing to make consequential amendments to the NTS licence and DN licences further to Ofgem's Supply Licence Review. 16 separate proposed licence modifications are set out in the Schedule to this Notice.
4. In summary, the effect of the proposed licence modifications is:
 - (a) to ensure that references to the standard conditions of the gas supply licence in the NTS licence and DN licences are consistent with the standard conditions of the gas supply licence as amended further to the Supply Licence Review; and
 - (b) to amend Standard Special Condition A11 by inserting a definition of the term "domestic supply security standards" to which that condition refers. This definition is currently contained in standard condition 32A of the gas supply licence; but the Authority proposes to remove that definition from the gas supply licence further to the Supply Licence Review.

5. For the avoidance of doubt, the proposed licence modifications do not change the substantive provisions of the Standard Special Conditions of the NTS licence and DN licences.
6. The background to the proposed licence modifications, including proposals in relation to the Supply Licence Review, was set out by the Authority in the following documents:
 - (a) Ofgem. June (2007) *Supply Licence Review – Final proposals*, REF 128/07;
 - (b) Ofgem. May (2007) *Supplier Obligation to Use a Meter Asset Manager (MAM)*, Ref 109/07;
 - (c) Ofgem. April (2007) *Location of Domestic Supply Security Standards definition – SLR consequential change*, Ref 103/07;
 - (d) Ofgem. April (2007) *PPM recalibration open letter*, Ref 101/07;
 - (e) Ofgem. April (2007) *Eligibility for free gas safety checks, Consultation Letter*, Ref 92/07;
 - (f) Ofgem. April (2007) *Supply Licence Review: Proposed modification to Standard Licence Condition 17 of the Gas Supply Licence*, Ref 79/07;
 - (g) Ofgem. February (2005) *Reviewing the gas and electricity supply standard licence conditions*, Ref 51/05;
 - (h) Ofgem. August (2005) *Gas and Electricity Supply Licence Review – Way Forward*, Ref 187/05;
 - (i) Ofgem. March (2006) *Implications for Vulnerable Customers – Consultation Document*, Ref 42/06;
 - (j) Ofgem. July (2006) *Supply licence Review – Initial Policy Proposals*. Ref 113/06;
 - (k) Ofgem. December (2006) *Supply Licence Review – Further Proposals*, Ref 217/06.

These documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

7. Any representations or objections to the proposed licence modifications may be made before 29 June 2007 and sent to:


Nigel Nash
Ofgem
9 Millbank
London SW1P 3GE

or by e-mail to Nigel.nash@ofgem.gov.uk

8. Only those licensees who are “relevant licence holders” under paragraph 1 of Standard Special Condition A2 of the NTS licence and DN licences may

register their formal objection to any proposed modification; although any person may make representations.

9. Subject to any objections and representations made in relation to the proposed modifications (and not withheld), a proposed modification will only be made where the relevant standard condition of the gas supply licence is amended further to the Supply Licence Review.

A handwritten signature in black ink, appearing to read 'Philip Davies', with a long horizontal line extending to the right from the end of the signature.

Philip Davies
Director – GB Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority

1 June 2007

SCHEDULE

PROPOSED MODIFICATION OF THE STANDARD SPECIAL CONDITIONS OF GAS TRANSPORTER LICENCES APPLICABLE TO BOTH NTS AND DN LICENSEES UNDER STANDARD SPECIAL CONDITION A2

The Standard Special Conditions of the gas transporter licences are amended in accordance with the table below.

MODIFICATION NUMBER	PROPOSED MODIFICATION
1	In Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations), in paragraph 15(a), for "paragraph 2 of standard condition 14 (Security and Emergency Arrangements)" substitute "paragraph 1 of standard condition 16 (Security and emergency arrangements)".
2	In Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations), in paragraph 15(b), for "paragraph 3(b) of standard condition 15 (Security and Emergency Arrangements)" substitute "paragraph 4(b) of standard condition 16 (Security and emergency arrangements)".
3	In Standard Special Condition A8 (Emergency Services and Enquiry Service Obligations), in paragraph 21(b), for "paragraph 3 of standard condition 14 (Security and Emergency Arrangements)" substitute "paragraph 4 of standard condition 16 (Security and emergency arrangements)".
4	In Standard Special Condition A9 (Pipe-Line System Security Standards), in paragraph 1(c), for "paragraph 3 of standard condition 14 (Security and Emergency Arrangements)" substitute "paragraph 4 of standard condition 16 (Security and emergency arrangements)".
5	In Standard Special Condition A9 (Pipe-Line System Security Standards), in paragraph 3(a), for "paragraph 6(b) of standard condition 14 (Security and Emergency Arrangements) and paragraph 5(a) of standard condition 32A (Security of Supply - Domestic Customers) of the standard conditions of gas suppliers' licences", substitute "paragraph 1A(a) of Standard Special Condition A11 (Network Code)".
6	In Standard Special Condition A10 (Provision and Return of Meters), in paragraph 6, for "standard condition 17 (Reading, Inspection and Testing of Meters)" substitute "standard condition 12 (Matters relating to Gas Meters)".
7	In Standard Special Condition A11 (Network Code), in paragraph 1(e), omit "(within the meaning of paragraph 4 of standard condition 32A (Security of Supply - Domestic Customers) of the standard conditions of Gas Suppliers'

	licences)".
8	<p>In Standard Special Condition A11 (Network Code), after paragraph 1, insert:</p> <p>"1A. In paragraph 1 sub-paragraph (e), "domestic supply security standards" means, subject to paragraph 1B,</p> <p>(a) the availability of a supply of gas which would equal the peak aggregate daily demand for gas by the relevant gas supplier's current domestic customers which, having regard to historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years; and</p> <p>(b) the availability of supplies of gas-</p> <p>(i) over a year which would equal the aggregate annual demand for gas by those customers; and</p> <p>(ii) over the first six months of a year which would equal the aggregate demand for gas by those customers during such a six month period,</p> <p>which, in each case, having regard to such data as aforesaid and other relevant factors, is likely to be exceeded only in 1 year out of 50 years.</p> <p>1B. For the purposes of paragraph 1A, "daily" means over a period beginning at 6am on one day and ending immediately before 6am on the following day and "year" means a period of 12 months beginning with 1 October; and if, after consultation with all gas suppliers, gas shippers and gas transporters, with the Health and Safety Executive and the Consumer Council, the Authority is satisfied that the domestic supply security standard would be adequate if paragraph 1A were modified-</p> <p>(a) by the substitution, in paragraph 1A(a) or (b), of a reference to data derived from a period of less than the 50 previous years;</p> <p>(b) by the substitution in paragraph 1A(a) of a higher probability than the 1 in 20 years mentioned in that paragraph; or</p> <p>(c) by the substitution in paragraph 1A(b) of a higher probability than the 1 in 50 years mentioned in that paragraph,</p> <p>the Authority may, subject to paragraph 1C, make such modifications by notice which-</p>

	<p>(i) is given and published by the Authority for the purposes of this condition generally; and</p> <p>(ii) specifies the modifications and the date on which they are to take effect.</p> <p>1C. Paragraph 1A(a) shall only be modified if, at the same time, the Authority makes similar modifications to-</p> <p>(a) paragraph 2(b) of Standard Special Condition A9 (Pipe-Line System Security Standards); and</p> <p>(b) sub-paragraph (b) of the definition of "security standards" in standard condition 1 (Definitions and Interpretation) of the standard conditions of gas shippers' licences".</p>
9	In Standard Special Condition A19 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters), for "paragraph 2(b)(ii) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick)", substitute "paragraph 1(d) of standard condition 26 (Services for specific Domestic Customer groups)".
10	In Standard Special Condition A48 (Last Resort Supply: Payment Claims), in paragraph 15, for "29 (Supplier of Last Resort)", substitute "1 (Definitions for standard conditions)".
11	In Standard Special Condition A48 (Last Resort Supply: Payment Claims), in paragraph 15, for "29A (Supplier of Last Resort Supply Payments)", where it appears, substitute "1 (Definitions for standard conditions)".
12	In Standard Special Condition A50 (System Development Obligations), in paragraph 8(c)(iv), for "16 (Exchange of Information between Licensee and Relevant Transporter or Shipper for Operation, Development or Maintenance of Pipeline System and Detection and Prevention of Theft)" substitute "17 (Mandatory exchange of information)".
13	In Standard Special Condition A50 (System Development Obligations), in paragraph 8(e), for "paragraph 3(d) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick)", substitute "paragraph 7 of standard condition 26 (Services for specific Domestic Customer groups)".
14	In Standard Special Condition A50 (System Development Obligations), in paragraph 8(g), for "17 (Reading, Inspection and Testing of Meters)", substitute "12 (Matters relating to Gas Meters)".
15	In Standard Special Condition A50 (System Development Obligations), in paragraph 11, for "29 (Supplier of Last Resort)", substitute "8 (Obligations under Last Resort Supply

	Direction)".
16	In Standard Special Condition A50 (System Development Obligations), paragraph 12 is omitted.