

**To: The Company Secretary  
National Grid Gas plc (Company number: 02006000)  
1-3 Strand  
London  
WC2N 5EH**

**MODIFICATION OF GAS TRANSPORTER LICENCE PURSUANT TO SECTION 23 OF THE GAS ACT 1986**

**NOTICE OF REASONS FOR DECISION TO MODIFY GAS TRANSPORTER LICENCE UNDER SECTION 38A OF THE GAS ACT 1986**

**Whereas:**

1. National Grid Gas plc ('the licensee') is the holder of a gas transporter licence (the "licence") in respect of its National Transmission System ("NTS") treated as granted under section 7 of the Gas Act 1986 (the "Act").
2. Pursuant to section 23(3) of the Act, on 15 October 2007 the Gas and Electricity Markets Authority (the "Authority"):
  - (i) gave notice (the "Notice") to the licensee that it proposed to modify the conditions of the licence by amending Special Condition C8F in accordance with the Schedule to the Notice;
  - (ii) sent a copy of the Notice to the Secretary of State, the Health and Safety Executive and the Council; and
  - (iii) published the Notice in the manner it considered appropriate.
3. The Authority gave notice of its intention to make the proposed licence modification to the Secretary of State. The Authority did not receive a direction from the Secretary of State not to make the proposed modification before the relevant time specified in the Notice.
4. The Authority received no representations in relation to the proposed modification.
5. On 12 November 2007 the licensee gave its written consent to the licence modification proposed in the Schedule to the Notice.
6. The licence modification was proposed in order to ensure that the licence is consistent with the licensee's implementation of the Market Information Provision Initiative (MIPI). The MIPI reporting system has been developed due to the limited extensibility of the current system and evolving market conditions which cause information requirements to change. The MIPI aims to ensure system performance and availability in line with market requirements.
7. In summary, the effect of the proposed licence modification is to revise the quality of website information performance measure in order to refer to the new reporting structure under the MIPI system.
8. The licensee has confirmed that the MIPI reporting system was implemented on its website on 15 December 2007.
9. Further to the licensee's written request dated 18 December 2007, the Authority has agreed that the quality of website availability performance

measure should be revised from 15 December 2007. Specifically, the Authority has agreed that for the purposes of new special condition C8F(4)(c)(ii):

- (i) the formula for  $WPM_{qA}$  will apply until 06:00 hours on 15 December 2007; and
- (ii) the formula for  $WPM_{qB}$  will apply on and from 06:00 hours on 15 December 2007.

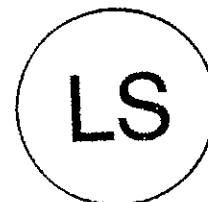
10. The reasons why the Authority proposed to make this licence modification were published by the Authority in its letter dated 15 October 2007. This document is available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

**NOW** in accordance with the powers contained in section 23 of the Act and with the consent of the licensee, the Authority hereby modifies the licence in accordance with the Schedule to the Notice and in the manner specified in the attached Schedule, with effect on and from 06:00 hours on 19 December 2007.

This document constitutes a notice of reasons for the decision to modify the conditions of the licence under section 38A of the Act.

Dated

19 December 2007



The Official Seal of the Authority affixed to this modification is authenticated by:

**Philip Davies**  
**Director, GB Markets**  
authorised in that behalf by the Authority

## SCHEDULE

### MODIFICATION OF THE SPECIAL CONDITIONS OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE UNDER SECTION 23 OF THE GAS ACT 1986

1. Special condition C8F (NTS System Operator external incentives, costs and revenues) is amended as follows.
2. In paragraph 4 (Quality of information incentive), sub-paragraph (c) (Quality of website information performance measure):

- (a) for the " $WPM_q$ " formula from which the website availability performance measure is derived, substitute:

"

- (i) in relation to the formula year  $t$ , for all quarter years up to and including the quarter year ending on the day 1 October 2007:

$$WPM_q = \frac{WAPL_q + WAPNN_q + WAPNA_q + WAPDF_q}{4}$$

- (ii) in relation to the third quarter year of formula year  $t=6$  (i.e. from the day commencing on 1 October 2007 to the day ending on 1 January 2008):

$$WPM_q = WPM_{qA} + WPM_{qB}$$

where,

$$WPM_{qA} = \frac{WAPL_q + WAPNN_q + WAPNA_q + WAPDF_q}{4}$$

and applies from the day commencing on 1 October 2007 until the day ending on the date as agreed in writing by the Authority (in response to a request made by the licensee in writing);

and where:

$$WPM_{qB} = \frac{(WAPPV_q + WAPDE_q + WAPRE_q)}{3}$$

and applies from the day commencing on the date agreed in writing by the Authority (in response to a request made by the licensee in writing).

- (iii) in relation to the fourth quarter of formula year  $t=6$  (i.e. from the day commencing on 1 January 2008 to the day ending on 1 April 2008) and in all subsequent quarter years:

$$WPM_q = \frac{(WAPPV_q + WAPDE_q + WAPRE_q)}{3} \text{ "}$$

(b) after the definition of WAPDF<sub>q</sub>, insert:

" WAPPV<sub>q</sub> means the website availability performance measure for the licensee's Gas Operational data, Prevailing View screen expressed as the number of minutes of downtime of the Prevailing View screen published on the licensee's website in each quarter year;

WAPDE<sub>q</sub> means the website availability performance measure for the licensee's Gas Operational data, Data Explorer screen expressed as the number of minutes of downtime of the Data Explorer screen published on the licensee's website in each quarter year;

WAPRE<sub>q</sub> means the website availability performance measure for the licensee's Gas Operational data, Report Explorer screen expressed as the number of minutes of downtime of the Report Explorer screen published on the licensee's website in each quarter year;"