NOTICE OF MODIFICATION OF THE SPECIAL CONDITIONS OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE IN RESPECT OF ITS NATIONAL TRANSMISSION SYSTEM UNDER SECTION 23 OF THE GAS ACT 1986

1. National Grid Gas plc ("NGG") holds a gas transporter licence (the "licence") in respect of its National Transmission System ("NTS") treated as granted pursuant to section 7 of the Gas Act 1986 (the "Act").

2. In accordance with section 23(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority") gives notice that it proposes to modify the Special Conditions of the licence in accordance with the Schedule to this Notice.

3. The proposed licence modification is intended to implement proposals relating to the NTS system operation activity incentive scheme from 1 April 2008. In summary, the effects of the proposed licence modification are:

   (a) to revise the target for the gas system balancing cost incentive to make this appropriate for the year 1 April 2008 to 1 April 2009;

   (b) to revise the target for the gas system reserve incentive to make this appropriate for the year 1 April 2008 to 1 April 2009;

   (c) to revise targets for quality of information incentives to make these appropriate for the year 1 April 2008 to 1 April 2009.

4. Subject to the outcome of this statutory consultation, consideration of respondents' views and the consent of NGG being given, it is the intention of the Authority that the proposed licence modification shall have effect on and from 06:00 hours on 1 April 2008.

5. Information in relation to the proposed licence modification is contained in the following documents:

   "National Grid Gas and Electricity System Operator Incentives: Initial Proposals Consultation Report", National Grid, February 2008.

   "National Grid Gas and Electricity System Operator Incentives: Initial Proposals Consultation", National Grid, December 2007.

   These documents are available from the National Grid website at http://www.nationalgrid.com/uk

6. The reasons why the Authority proposes to make the licence modification were published by the Authority in the following document:

   "National Grid Electricity Transmission and National Grid Gas System Operator Incentives from 1 April 2008: Final proposals and statutory licence consultations", Ofgem, February 2008.

   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.

7. Any representations or objections to the proposed licence modification may be made before 26 March 2008 and sent to:

Andrew Wright
Managing Director, Markets
Ofgem
9 Millbank
London SW1P 3GE

or by e-mail to wholesale.markets@ofgem.gov.uk.

Andrew Wright
Managing Director, Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority

27 February 2008

SCHEDULE

PROPOSED MODIFICATION OF THE SPECIAL CONDITIONS OF NATIONAL GRID GAS PLC'S GAS TRANSPORTERS LICENCE IN RESPECT OF ITS NATIONAL TRANSMISSION SYSTEM UNDER SECTION 23 OF THE GAS ACT 1986

1. Special Condition C8A (Revenue restriction definitions in respect of the NTS transportation owner activity and NTS system operation activity) is amended as set out in paragraph 2 below.

2. In the first sentence of paragraph 1, for "In", substitute, "Unless otherwise defined, or the context otherwise requires, in".

3. Special Condition C8F (NTS System Operator external incentives, costs and revenues) is amended as set out in paragraphs 4 and 5 below.

4. In paragraph (2) (System balancing incentive revenue ($SBIRC_t$)):

   (a) in sub-paragraph (b) (Maximum total system balancing cost incentive revenue):

      (i) for the definition of $GCIR_t$, substitute:

      "$GCIR_t$ means the maximum gas cost incentive revenue allowed to the licensee in respect of formula year t and shall be derived from the following formula:

$$GCIR_t = \sum_{\text{all } q} GCIR_{t,q}$$

      where,

      $GCIR_{t,q}$ means the maximum gas cost incentive revenue allowed to the licensee in respect of relevant quarter year q and shall be calculated in accordance with paragraph 2(c) of this condition;";

      (ii) after the definition of $SRIR_t$, insert:

      "For the purposes of this condition, "relevant quarter year" and "q" means each quarter in formula year t, where a quarter is a continuous period of three calendar months and where q=1 is the period between 1 April and 30 June, q=2 is the period between 1 July and 30 September, q=3 is the period between 1 October and 31 December, and q=4 is the period between 1 January and 31 March (each inclusive).".

   (b) for sub-paragraph (c) (The maximum gas cost incentive revenue ($GCIR_t$)), substitute:

      "(c) The maximum gas cost incentive revenue ($GCIR_{t,q}$)

For the purposes of paragraph 2(b) of this condition, the maximum gas cost incentive revenue ($GCIR_{t,q}$) allowed to the licensee in respect of relevant quarter year q shall be derived from the following formula:

If $GCIT_{t,q} \geq GCCP_{t,q}$, then:

$$GCIR_{t,q} = MIN[GCUSF_{t,q} \times (GCIT_{t,q} - GCCP_{t,q}), GCCAP_{t,q}]$$

Otherwise:

$$GCIR_{t,q} = MAX[GCDSF_{t,q} \times (GCIT_{t,q} - GCCP_{t,q}), GCCOL_{t,q}]$$

where,

$GCIT_{t,q}$ means the NTS SO gas cost incentive target in respect of the relevant quarter year q in formula year t and shall be calculated in accordance with paragraph 2(e) of this condition;

$GCCP_{t,q}$ means the NTS SO gas cost incentive performance measure in respect of the relevant quarter year q in formula year t and shall be calculated in accordance with paragraph 2(h) of this condition;

MIN(x,y) is the value which is the lesser of x and y;

$GCUSF_{t,q}$ means the gas cost upside sharing factor in respect of relevant quarter year q in formula year t=7 as set out in the following table:

	Relevant quarter year			
Variable	q=1	q=2	q=3	q=4
$GCUSF_{t,q}$	25%	25%	25%	25%

$GCCAP_{t,q}$ means the maximum gas cost incentive revenue in respect of relevant quarter year q in formula year t=7 as set out in the following table:

	Relevant quarter year			
Variable	q=1	q=2	q=3	q=4
$GCCAP_{t,q}$ £million	0.8	0.8	1.2	1.2

MAX(x,y) is the value which is the greater of x and y;

$GCDSF_{t,q}$ means the gas cost downside sharing factor in respect of relevant quarter year q in formula year t=7 as set out in the following table:

	Relevant quarter year			
Variable	q=1	q=2	q=3	q=4
$GCDSF_{t,q}$	20%	20%	20%	20%

$GCCOL_{t,q}$ means the minimum gas cost incentive revenue in respect of relevant quarter year q in formula year t=7 as set out in the following table:

	Relevant quarter year			
Variable	q=1	q=2	q=3	q=4
$GCCOL_{t,q}$ £million	-0.6	-0.6	-0.9	-0.9

(c) for sub-paragraph (d) (The maximum system reserve incentive revenue ($SRIR_t$)), substitute:

"**(d) The maximum system reserve incentive revenue ($SRIR_t$)**

(i) For the purposes of paragraph 2(b) of this condition, the maximum system reserve incentive revenue $(SRIR_t)$ allowed to the licensee in respect of formula year t shall be derived from the following formula:

$$SRIR_t = SRHIR_t + SRUIR_t$$

where:

$SRHIR_t$ means the maximum system reserve holding incentive revenue (in £m) allowed to the licensee in respect of formula year t and shall be derived in the following manner:

If $SRHIT_t \geq SRHCP_t$, then:

$$SRHIR_t = SRUSF_t \times (SRHIT_t - SRHCP_t)$$

otherwise:

$$SRHIR_t = SRDSF_t \times (SRHIT_t - SRHCP_t)$$

and where:

$SRUIR_t$ means the maximum system reserve utilisation incentive revenue (in £m) allowed to the licensee in respect of formula year t and shall be derived in the following manner:

If $SRUCP_t \geq SRUIC_t$, then:

$$SRUIR_t = BUCT_t - SRUIC_t$$

otherwise:

$$SRUIR_t = BUCT_t - SRUCP_t$$

(ii) For the purposes of this paragraph 2(d):

$SRHIT_t$ means the system reserve holding incentive target in respect of formula year t (in £m), which shall be derived in the following manner:

$$SRHIT_t = \left(\left(RPAV_t \times 228\right) + \left(RPDY_t \times 50\right) + \left(RPGL_t \times 210\right) + \left(RPPA_t \times 156\right)\right)/100 + OSCT_t$$

where,

$RPAV_t$ means the applicable price for reserved space, in formula year t (in pence per kWh per annum), with respect to the Avonmouth LNG storage facility, as determined by Special Condition C3 (Restriction of Prices for LNG Storage Services);

$RPDY_t$ means the applicable price for reserved space, in formula year t (in pence per kWh per annum), with respect to the Dynevor Arms LNG storage facility, as determined by Special Condition C3 (Restriction of Prices for LNG Storage Services);

$RPGL_t$ means the applicable price for reserved space, in formula year t (in pence per kWh per annum), with respect to the Glenmavis LNG storage facility, as determined by Special Condition C3 (Restriction of Prices for LNG Storage Services);

$RPPA_t$ means the applicable price for reserved space, in formula year t (in pence per kWh per annum), with respect to the Partington LNG storage facility, as determined by Special Condition C3 (Restriction of Prices for LNG Storage Services);

$OSCT_t$ means re-profiling costs and operating margins costs associated with storage facilities or LNG import facilities not separately specified in this paragraph 2(d) and in formula year t=7 shall take the value £10.1m;

$BUCT_t$ means the operating margins background utilisation cost target and in formula year t=7 shall take the value £0.27m;

$SRHCP_t$ means the system reserve holding performance measure in respect of formula year t and shall be the total payments made by the licensee in respect of costs incurred by the licensee in respect of storage capacity or LNG Importation capacity that have been paid for the purposes of satisfying operating margins requirements (having the meaning given to that term in the network code);

$SRUCP_t$ means the system reserve utilisation performance measure in respect of formula year t and shall be the total payments made by the licensee in respect of

gas delivery service fees (including storage delivery overrun charges) that have been paid for the purposes of satisfying operating margins requirements (having the meaning given to that term in the network code);

$SRUIC_t$ means the system reserve utilisation incentive collar which in respect of formula year t=7 shall take the value £0.5m;

$SRUSF_t$ means the system reserve upside sharing factor, which in respect of formula year t=7 shall take the value 1;

$SRDSF_t$ means the system reserve downside sharing factor, which in respect of formula year t=7 shall take the value 1.".

(d) for sub-paragraph (e) (The NTS SO gas cost incentive target ($GCIT_t$)), substitute:

"(e) The NTS SO gas cost incentive target ($GCIT_{t,q}$)

(i) For the purposes of paragraph 2(c) of this condition, the NTS SO gas cost incentive target $\left(GCIT_{t,q}\right)$ (in £) in respect of relevant quarter year q in formula year t shall be derived from the following formula:

$$GCIT_{t,q} = \left[\left(GCRP_{t,q} + SPCUG_{t,q}\right) \times GVTP_{t,q} \times 10{,}000\right] + \left[\left(ECRP_{t,q} + SPCUE_{t,q}\right) \times EVTP_{t,q} \times 10{,}000\right] + DUOS_{t,q} + TNUOS_{t,q}$$

(ii) For the purposes of the formula set out in sub-paragraph (e)(i) above:

$GCRP_{t,q}$ means the NTS SO gas cost reference price in respect of relevant quarter year q and shall be calculated in accordance with paragraph 2(f) of this condition;

$GVTP_{t,q}$ means the NTS SO gas target volumes in respect of relevant quarter year q, and is derived from the following formula:

$$GVTP_{t,q} = GSVTP_{t,q} + GCVVP_{t,q}$$

where,

$GSVTP_{t,q}$ means NTS SO shrinkage gas target volumes in GWh in respect of relevant quarter year q. In respect of formula year t=7, $GSVTP_{t,q}$ is derived from the following table:

$SFAF_t$ (mcm/day)	$GSVTP_{t,q}$ q=1	$GSVTP_{t,q}$ q=2	$GSVTP_{t,q}$ q=3	$GSVTP_{t,q}$ q=4
$SFAF_t$ <85	1108	944	1149	1205
85<=$SFAF_t$ <90	1306	1103	1357	1427
90<=$SFAF_t$ <95	1386	1167	1441	1516
95<=$SFAF_t$ <100	1465	1231	1524	1605
100<=$SFAF_t$ <105	1545	1295	1608	1694
$SFAF_t$ >105	1719	1435	1791	1890

$GCVVP_{t,q}$ means NTS SO CV shrinkage gas performance volume in respect of the relevant quarter year q and is defined as the aggregate volume of shrinkage gas (GWh) in respect of the relevant quarter year q that arises as a consequence of the calculation of daily calorific values – alternative method, under section 4A(1)(b) of the Gas (Calculation of Thermal Energy) (Amendment) Regulations 2002 which is directly attributable to any or all of the offtakes ROSS, DYFFRYN CLYDACH, COWPEN BEWLEY and/or as a result of gas entering a Distribution Network without passing through the NTS;

$ECRP_{t,q}$ means the NTS SO electricity cost reference price in respect of relevant quarter year q in formula year t=7 and shall be calculated in accordance with paragraph 2(fA) of this condition;

$EVTP_{t,q}$ means the NTS SO shrinkage electricity target volumes in GWh in respect of relevant quarter year q and in respect of formula year t=7, is derived from the following table:

$SFAF_t$ (mcm/day)	$EVTP_{t,q}$ for q=1	$EVTP_{t,q}$ for q=2	$EVTP_{t,q}$ for q=3	$EVTP_{t,q}$ for q=4
$SFAF_t$ <85	1	2	43	46
85<= $SFAF_t$ <90	1	2	53	56
90<= $SFAF_t$ <95	2	2	57	61
95<= $SFAF_t$ <100	2	2	61	65
100<= $SFAF_t$ <105	2	2	65	69
$SFAF_t$ >105	2	3	73	78

$SPCUG_{t,q}$ is the uplift required to reflect the shadow price of carbon in the gas cost reference price which in respect of each relevant quarter year q in formula year t=7 shall take the value 0.533 p/kWh and in respect of each relevant quarter year q in formula year t=8 shall take the value 0.543 p/kWh;

$SPCUE_{t,q}$ is the uplift required to reflect the shadow price of carbon in the electricity cost reference price which in respect of each relevant quarter year q in formula year t=7 shall take the value 0.593 p/kWh;

$DUOS_{t,q}$ means the Distribution Use of System charge incurred by the licensee in operating its electric driven compressors and in respect of relevant quarter year q is derived from the table below:

$DUOS_{t,q}$ (£)	q=1	q=2	q=3	q=4
t=7	221,107	339,957	505,529	505,529

$TNUOS_{t,q}$ means the Transmission Network Use of System charge incurred by the licensee in operating its electric compressors and in respect of relevant quarter year q is derived from the table below:

$TNUOS_{t,q}$ (£)	q=1	q=2	q=3	q=4
t=7	350,426	350,426	350,426	350,426

$SFAF_t$ means the average daily gas flows through the St. Fergus terminal in mcm/day in the formula year t commencing on 1 April 2008, calculated as:

$$\frac{\text{(Total annual volumetric flow through St Fergus terminal)}}{365}$$

(e) omit sub-paragraphs:

(i) (f) (The NTS SO gas cost reference price ($GCRP_t$));

(ii) (g) (The NTS SO system balancing costs ($SBIC_t$)); and

(iii) (h) (The NTS SO gas cost performance measure ($GCCP_t$));

(f) after sub-paragraph (e), insert:

"**(f) The NTS SO gas cost reference price ($GCRP_{t,q}$)**

(i) For the purposes of paragraph 2(e) of Part 2 of this condition, the NTS SO gas cost reference price in respect of relevant quarter year q in formula year t=7 ($GCRP_{t,q}$) shall be derived from the following formula:

$$GCRP_{t,q} = \frac{\sum_{d=a}^{b} FGP_{t,q,d}}{n}$$

(ii) For the purposes of the formula set out in sub-paragraph (f)(i) above:

(aa) for q=1 and q=2:

a means 1 January 2008;

b means 31 March 2008;

(bb) for q=3 and q=4:

a means 1 January 2008;

b means 30 June 2008;

$\sum_{d=a}^{b}$ means the sum over all business days d between day a and day b (both inclusive);

$FGP_{t,q,d}$ means the forward gas price quoted in an approved published price reporting service on business day d for a gas contract for delivery at the national balancing point (having the meaning given to that term in the published price reporting service approved in accordance with sub-paragraph (f)(iv) below) in respect of relevant quarter year q, measured in p/kWh;

n means the number of business days between a and b inclusive;

(iii) For the purposes of paragraph 2(e) of Part 2 of this condition, the NTS SO gas cost reference price in respect of relevant quarter year q in formula years $8 \leq t \leq 11$ ($GCRP_{t,q}$) shall be derived from the following formula:

$$GCRP_{t,q} = \frac{\sum_{d=a}^{b} GQFP_{t,q,d}}{nq} * 0.75 + \frac{\sum_{m=g}^{h} \left(\frac{\sum_{d=y}^{z} GMFP_{t,q,m,d}}{nm} \right)}{3} * 0.25$$

where:

a means 1 April in formula year t-1;

b means 31 March in formula year t-1;

$\sum_{d=a}^{b}$ means the sum over all business days d between day a and day b (both inclusive);

$GQFP_{t,q,d}$ means the forward price quoted in an approved published price reporting service on business day d for a gas contract for delivery at the national balancing point (having the meaning given to that term in the published price reporting service approved in accordance with sub-paragraph (f)(iv) below) in respect of relevant quarter year q, measured in p/kWh;

g means the first calendar month in relevant quarter year q;

h means the last calendar month in relevant quarter year q;

$\sum_{m=g}^{h}$ means the sum over all relevant calendar months m in relevant quarter year q;

$GMFP_{t,q,m,d}$ means the forward price quoted in an approved published price reporting service on business day d for a gas contract for delivery at the national balancing point (having the meaning given to that term in the published price reporting service approved in accordance with sub-paragraph (f)(iv) below) in respect of the relevant calendar month m of relevant quarter year q, measured in p/kWh;

nq means the number of business days between a and b inclusive;

nm means the number of business days between y and z inclusive;

y means the first business day of the calendar month preceding the relevant calendar month m of relevant quarter year q;

z means the last business day of the calendar month preceding the relevant calendar month m of relevant quarter year q;

$\sum_{d=y}^{z}$ means the sum over all business days in the month preceding relevant calendar month m of relevant quarter year q.

(iv) For the purposes of this paragraph 2(f), a published price reporting service will be proposed by the licensee prior to 1 March in each formula year t. If after 30 days from the receipt of such a proposal the Authority has not disallowed the proposal, the proposed published price reporting service will be deemed to be approved.

(fA) The NTS SO electricity cost reference price ($ECRP_{t,q}$)

(i) For the purposes of paragraph 2(e) of Part 2 of this condition, the NTS SO electricity cost reference price ($ECRP_{t,q}$) in respect of relevant quarter year q in formula year t=7 shall be derived from the following formula:

$$ECRP_{t,q} = \frac{\sum_{d=a}^{b} FEP_{t,q,d}}{n} \times (1 + RPUF_t)$$

(ii) For the purposes of the formula set out in sub-paragraph (fA)(i) above:

$RPUF_t$ means the retail price uplift factor, and for formula year t=7 shall take the value 0.16;

a means 1 March 2008;

b means 31 March 2008;

$\sum_{d=a}^{b}$ means the sum over all business days d between day a and day b (both inclusive);

$FEP_{t,q,d}$ means the UK OTC Baseload forward electricity price quoted in the "Heren European Daily Electricity Markets" publication on day d for an electricity contract for delivery in respect of relevant quarter year q, measured in p/kWh; and

n means the number of business days between a and b inclusive;

(g) The NTS SO system balancing costs ($SBIC_t$)

For the purposes of paragraph 2(a) of this condition, the NTS SO system balancing costs in respect of formula year t ($SBIC_t$) shall be derived from the following formula:

$$SBIC_t = \left[\sum_{all\,q} GCCP_{t,q}\right] + SRHCP_t + SRUCP_t$$

where,

$GCCP_{t,q}$ means the NTS SO gas cost performance measure and shall be calculated in accordance with paragraph 2(h) of this condition;

$SRHCP_t$ shall have the meaning given to that term in paragraph 2(d) of this condition;

$SRUCP_t$ shall have the meaning given to that term in paragraph 2(d) of this condition.

(h) The NTS gas cost performance measure ($GCCP_{t,q}$)

For the purposes of paragraphs 2(c) and 2(g) of this condition, the NTS SO gas cost performance measure (in £m) in respect of relevant quarter year q ($GCCP_{t,q}$) shall be derived from the following formula:

$$GCCP_{t,q} = GC_{t,q} + ECC_{t,q}$$

where,

$GC_{t,q}$ means the payments made by the licensee in respect of the total costs incurred by the licensee (less any revenues received from DN operators) in respect of relevant quarter year q in the provision of NTS Shrinkage (which has the meaning given to that term in the network code) other than $ECC_{t,q}$; and

$ECC_{t,q}$ means the payments made by the licensee in respect of the total costs incurred by the licensee in respect of relevant quarter year q in procuring and purchasing electricity for the purposes of operating electric driven compressors incorporated within the NTS.".

5. For paragraph (4) (Quality of information incentive ($QIIR_t$)), substitute:

"(4) Quality of information incentive ($QIIR_t$)

(a) Principal formula

For the purposes of paragraph 1(a) of this condition, the quality of information incentive revenue allowed to the licensee in respect of formula year t ($QIIR_t$) shall be derived from the following formula:

$$QIIR_t = QDIIR_t + QWAIR_t + QWTIR_t + (UWIIC_t \times 1.06)$$

where:

(i) $QDIIR_t$ means the quality of demand information incentive revenue, and shall be derived in accordance with Table (A) below. The value of $QDIIR_t$ is dependant upon the level of $QDIP_t$, where $QDIP_t$ means the quality of demand information performance measure as defined in paragraph 4(b).

Table (A)

$QDIP_t$	**$QDIIR_t$**
$QDIP_t \leq -0.05$	-£1.6m
$-0.05 < QDIP_t < 0$	($QDIP_t$ x 100) x £0.32m
$QDIP_t = 0$	0
$0 < QDIP_t < 0.05$	($QDIP_t$ x 100) x £0.32m
$QDIP_t = 0.05$	£1.6m

$0.05 < QDIP_t < 1$	$[((QDIP_t - 0.05)x\ 100) \times £0.08m] + £1.6m$
$QDIP_t \geq 1$	£9.2m

(ii) $QWAIR_t$ means the quality of website availability incentive revenue and shall be derived in accordance with Table (B) below and from the following formula:

$$QWAIR_t = \sum_{all\ m} QWAIR_{t,m}$$

where,

$QWAIR_{t,m}$ is the quality of website availability incentive revenue in each relevant calendar month m in formula year t; and

$\sum_{all\ m}$ means the sum over all relevant calendar months m in formula year t.

$QWAIR_{t,m}$ is dependant upon the level of $WAPM_{t,m}$, where $WAPM_{t,m}$ is the quality of website availability incentive performance measure in respect of each relevant calendar month m in formula year t as defined in paragraph 4(c).

Table (B)

$WAPM_{t,m}$	**$QWAIR_{t,m}$**
$WAPM_{t,m} \leq (0.64 \times WABM_{t,m})$	-£4,167
$(0.73 \times WABM_{t,m}) \geq WAPM_{t,m} > (0.64 \times WABM_{t,m})$	$\left[\frac{(0.73 \times WABM_{t,m}) - WAPM_{t,m}}{0.09 \times WABM_{t,m}}\right] \times (-£1{,}042) - £3{,}125$
$WABM_{t,m} > WAPM_{t,m} > (0.73 \times WABM_{t,m})$	$\left[\frac{WABM_{t,m} - WAPM_{t,m}}{0.27 \times WABM_{t,m}}\right] \times (-£3{,}125)$
$WAPM_{t,m} = WABM_{t,m}$	£3,125
$WABM_{t,m} < WAPM_{t,m} \leq 1$	$\left[\frac{WAPM_{t,m} - WABM_{t,m}}{1 - WABM_{t,m}}\right] \times £1{,}042 + £3{,}125$

$WABM_{t,m}$ is the website availability benchmark measure, which for each relevant calendar month m of formula year t=7 is equal to 0.993.

(iii) $QWTIR_t$ means the quality of website timeliness incentive revenue in formula year t, and shall be derived in accordance with Table (C) below and from the following formula:

$$QWTIR_t = \sum_{all\ m} QWTIR_{t,m}$$

where,

$QWTIR_{t,m}$ is the quality of website timeliness incentive revenue in each relevant calendar month m in formula year t;

$\sum_{\text{all m}}$ means the sum over all relevant calendar months m in formula year t.

$QWTIR_{t,m}$ is dependant upon the level of $WTPM_{t,m}$, where $WTPM_{t,m}$ is the quality of website timeliness incentive performance measure in respect of each relevant calendar month m in formula year t as defined in paragraph 4(d).

Table (C)

$WTPM_{t,m}$	**$QWTIR_{t,m}$**
$WTPM_{t,m} \leq (0.64 \times WTBM_{t,m})$	-£4,167
$(0.73 \times WTBM_{t,m}) \geq WTPM_{t,m} > (0.64 \times WTBM_{t,m})$	$\left[\frac{(0.73 \times WTBM_{t,m}) - WTPM_{t,m}}{0.09 \times WTBM_{t,m}}\right] \times (-£1{,}042) - £3{,}125$
$WTBM_{t,m} > WTPM_{t,m} > (0.73 \times WTBM_{t,m})$	$\left[\frac{WTBM_{t,m} - WTPM_{t,m}}{0.27 \times WTBM_{t,m}}\right] \times (-£3{,}125)$
$WTPM_{t,m} = WTBM_{t,m}$	£3,125
$WTBM_{t,m} < WTPM_{t,m} \leq 1$	$\left[\frac{WTPM_{t,m} - WTBM_{t,m}}{1 - WTBM_{t,m}}\right] \times £1{,}042 + £3{,}125$

$WTBM_{t,m}$ is the website timeliness benchmark measure, which for each relevant calendar month m in formula year t=7 is equal to 0.905.

(iv) $UWIIC_t$ means the agreed cost of upgrading the website in formula year t, and shall be derived in accordance with paragraph 4(f).

(b) Quality of demand information performance measure

For the purposes of paragraph 4(a) of this condition the quality of demand information performance measure ($QDIP_t$) shall be derived from the following formula:

$$QDIP_t = \frac{\left(0.035 - \frac{\sum_{d}^{D} \left| DADF_d - AD_d \right|}{\sum_{d}^{D} AD_d}\right)}{0.035}$$

where,

d means the first day of formula year t,

D means the final day of formula year t

$DADF_d$ means the day-ahead forecast NTS throughput value (in mcm) published by the licensee (in accordance with the network code) on its website not later than 14:00 hours at day ahead (d-1) in respect of each day of formula year t. Where the day ahead 14:00 forecast NTS throughput value is not published by 14:00 hours at day ahead (d-1), the next forecast published on the licensee's website for the gas day concerned shall be used;

AD_d means Actual NTS Throughput (in mcm) on a given day d, calculated five days following the day (d+5), on each day of formula year t where,

Actual NTS Throughput means the total offtake of gas from the NTS on each day (measured in mcm), including gas offtakes by DN Operators, Storage Facilities, interconnectors and Very Large Daily Metered Consumers (VLDMC) connected to the NTS, plus the physical elements of NTS Shrinkage; and

DN Operators, Shrinkage, Storage Facilities and VLDMC have the meaning given to those terms in the network code.

(c) Quality of website availability incentive performance measure

For the purposes of paragraph 4(a) of this condition the quality of website availability performance measure ($WAPM_{t,m}$) shall be derived from the following formula:

$$WAPM_{t,m} = \frac{\left(\frac{n_{t,m} - WAPPV_{t,m}}{n_{t,m}}\right) + \left(\frac{n_{t,m} - WAPDE_{t,m}}{n_{t,m}}\right) + \left(\frac{n_{t,m} - WAPRE_{t,m}}{n_{t,m}}\right)}{3}$$

where

"$n_{t,m}$" means the number of minutes in the relevant calendar month m in formula year t over which website availability performance is measured, which is derived in the following manner:

$$n_{t,m} = N_{t,m} - POM_{t,m}$$

where:

$N_{t,m}$ means the number of minutes in the relevant calendar month m in formula year t; and

$POM_{t,m}$ means the number of minutes of planned downtime in each relevant calendar month m in formula year t which shall not exceed 240 minutes in each month and which shall not include any minutes that fall between the hours of 07:00 and 19:00 Monday to Friday (inclusive) and which shall not include any minutes relating to a planned outage where the Licensee has not published a notice of the planned outage on its website at least 48 hours in advance of the commencement of the planned outage;

$WAPPV_{t,m}$ 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 relevant calendar month m in formula year t;

$WAPDE_{t,m}$ 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 relevant calendar month m in formula year t;

$WAPRE_{t,m}$ 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 relevant calendar month m in formula year t.

(d) Quality of website timeliness incentive performance measure

For the purposes of paragraph 4(a) of this condition the quality of website information performance measure ($WTPM_{t,m}$) in respect of each relevant calendar month m in formula year t shall be derived from the following formula:

$$WTPM_{t,m} = \frac{(WTPL_{t,m} + WTPNN_{t,m} + WTPNA_{t,m} + WTPDF_{t,m})}{4}$$

where,

$WTPL_{t,m}$ means the website timeliness performance measure for the licensee's Predicted Closing Linepack Data Item or Report, and has a value between 0 and 1, representing the proportion of occasions during each relevant calendar month m in formula year t that hourly data updates were posted within 10 minutes of the start of the hour (i.e. the 12:00 update published by 12:10 at the latest), expressed as a proportion of all publication occasions;

$WTPNN_{t,m}$ means the website timeliness performance measure for the licensee's National Forecast Flow Data Item or Report, and has a value between 0 and 1, representing the proportion of occasions during each relevant calendar month m in formula year t that hourly data updates were posted within 10 minutes of the start of the hour (i.e. the 12:00 update published by 12:10 at the latest), expressed as a proportion of all publication occasions;

$WTPNA_{tm}$ means the website timeliness performance measure for the licensee's National Physical Flow Data Item or Report, and has a value between 0 and 1, representing the proportion of occasions during each relevant calendar month m in formula year t that hourly data updates were posted within 10 minutes of the start of the hour (i.e. the 12:00 update published by 12:10 at the latest), expressed as a proportion of all publication occasions;

$WTPDF_{tm}$ means the website timeliness performance measure for the licensee's NTS Throughput Data Item or Report, and has a value between 0 and 1, representing the proportion of occasions during each relevant calendar month m in formula year t that the 14:00 hours (day ahead), 02:00 hours (day ahead), 12:00 hours (within day), 15:00 hours (within day), 18:00 hours (within day) and 21:30 (within day) publication deadlines are met;

NTS Throughput Data Item or Report means a data item or report published by the licensee showing, amongst other data, the forecast level of Actual NTS throughput;

Predicted Closing Linepack Data Item or Report means an hourly data item or report published by the licensee showing, for each day, the opening NTS Linepack, two projected closing NTS Linepack figures, and Forecast Total System Demand (measured in mcm). NTS Linepack and Forecast Total System Demand have the meaning given to those terms in the network code;

National Forecast Flow Data Item or Report means an hourly data item or report published by the licensee showing, for each day, aggregate forecast flows of gas into the NTS based on delivery flow nominations (measured in mcm);

National Physical Flow Data Item or Report means an hourly data item or report published by the licensee showing, for each day, aggregate forecast flows of gas into the NTS based on actual (aggregate) physical flows into the NTS (measured in mcm).

(e) Exceptional events

(i) Where:

(aa) the licensee has notified the Authority of an event (the "notified event") which it considers to be an exceptional event within 14 days of its occurrence; and

(bb) the Authority is satisfied that the notified event is an exceptional event,

the Authority may issue a direction excluding from the quality of demand information performance measure ($QDIP_t$) and/or the quality of website information performance measure ($QWIP_t$) a specified period within formula year t during which the exceptional event has occurred.

(ii) A notice provided to the Authority by the licensee under paragraph 4(e)(i) of this condition must give particulars of the notified event and the reasons why the licensee considers it to be an exceptional event.

(iii) A direction made by the Authority under paragraph 4(e)(i) of this condition may be made subject to such terms and conditions as may be specified in the direction.

(iv) A direction issued by the Authority under paragraph 4(e)(i) of this condition shall not have effect unless, before it is made, the Authority has given notice to the licensee:

(aa) setting out the terms of the proposed direction;

(bb) stating the reasons why it proposes to make the direction; and

(cc) specifying the period (not being less than 14 days from the date of the notice) within which the licensee may make representations or objections,

and the Authority has considered such representations or objections and given reasons for its decision.

(v) For the purposes of this paragraph 4(e), an "exceptional event" means an event or circumstance that is beyond the reasonable control of the licensee and shall include, but not be limited to, catastrophic loss of power, sabotage, act of vandalism, flood, fire and any third party product or service failure having an industry wide impact.

(f) Upgrade of website information incentive revenue

(i) Where:

(aa) the licensee has notified the Authority of the potential to upgrade its website to provide additional or more timely information; and

(bb) the Authority is satisfied that the upgrade will deliver the proposed benefits and that the costs are reasonable,

the Authority may issue a direction defining a value for $UWIIC_t$ for the formula year t=7.

(ii) But, where the Authority has not issued a direction under paragraph 4(f)(i) of this condition, $UWIIC_t$ shall be equal to 0.

(iii) A direction issued by the Authority under paragraph 4(f)(i) of this condition may be made subject to such terms and conditions as may be specified in the direction.

(iv) A direction issued by the Authority under paragraph 4(f)(i) of this condition shall not have effect unless, before it is made, the Authority has given notice to the licensee:

(aa) setting out the terms of the proposed direction;

(bb) stating the reasons why it proposes to make the direction; and

(cc) specifying the period (not being less than 14 days from the date of the notice) within which the licensee may make representations or objections,

and the Authority has considered such representations or objections and given reasons for its decision.”.