

NOTICE OF MODIFICATION OF SPECIAL CONDITION C8E OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE IN RESPECT OF ITS NATIONAL TRANSMISSION SYSTEM UNDER SECTION 23 OF THE GAS ACT 1986

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 23(3) of the Gas Act 1986 ("the Act") as follows:

1. The Authority proposes to modify the gas transmission licence held by National Grid Gas plc ("NGG") ("the Licence") granted or treated as granted under section 7 of the Act by amending the table in paragraph 1(d)(iii) of special condition C8E 'NTS gas exit incentives, costs and revenues' ("the Condition") in the manner set out in Schedule A of this Notice.
2. The reasons why the Authority proposes to make this licence modification is to allow NGG to recover additional revenue for incremental exit capacity it makes available at Gilwern. These are set out in full in the decision letter 'Decision on determining revenue drivers for entry and exit points: Canonbie and Gilwern', with reference number 58/09, published on 29 May 2009.
3. The effect of the proposed modification is to add a new project revenue driver for the NTS exit point at Gilwern.
4. A copy of the proposed modification and other documents referred to in this notice are available (free of charge) from the Ofgem library (telephone 020 7901 1600) or on the Ofgem website (www.ofgem.gov.uk).
5. Any representations or objections to the proposed licence modifications may be made on or before 26 June 2009 to: Stuart Cook, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to stuart.cook@ofgem.gov.uk.
6. All responses will normally be published on Ofgem's website and held in the Research and Information Centre. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.



Stuart Cook
Duly authorised on behalf of the Gas and Electricity Markets Authority

29 May 2009

Schedule A

Special Condition C8E NTS gas exit incentives, costs and revenues
Paragraph (1)(d)(iii)

(iii) Determination of ExCIIR_{t, newproj}

$$\text{ExCIIR}_{t, \text{newproj}} = \sum_{\text{all } z} (\text{INCCAP}_{z, t} \times \text{RDEL}_{z, t} \times \text{INDEX}_z \times \text{RDNEWPROJ}_{z, t})$$

where

INCCAP_{z, t} shall bear the same meaning as it does in paragraph 1(d)(ii) of this condition

RDEL_{z, t} shall bear the same meaning as it does in paragraph 1(d)(ii) of this condition

INDEX_z shall bear the same meaning as it does in paragraph 1(d)(ii) of this condition

RDNEWPROJ_{z, t} means the revenue driver in (£/GWh/year) in formula year t for each new NTS exit point z set out in the table below.

NTS Exit Point z	Project description	RDNEWPROJ_{z, t} £ /GWh/year
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Not used	Not used	Not used
<u>Gilwern</u>	<u>To deliver NTS incremental exit shipper capacity or NTS obligated incremental flat capacity of 20.215 GWh/day at Gilwern in respect of which a revenue driver has not previously been applied pursuant to paragraphs 1(d)(i), 1(d)(ii) or 1(d)(iii)</u>	<u>£1,304</u>