

MODIFICATION OF SPECIAL CONDITION C8D OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE IN RESPECT OF ITS NATIONAL TRANSMISSION SYSTEM UNDER SECTION 23(1)(a) OF THE GAS ACT 1986

NOTICE OF REASONS FOR THE DECISION TO MODIFY SPECIAL CONDITION C8D OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE UNDER SECTION 38A OF THE GAS ACT 1986

Whereas –

1. National Grid Gas plc ("the Licence Holder") is the holder of a Gas Transporter Licence in respect of its National Transmission System ("the Licence") granted or treated as granted under section 7 of the Gas Act 1986 ("the Act").

2. In accordance with section 23(3) of the Act the Gas and Electricity Markets Authority ("the Authority"):

- i. gave notice("the Notice") on 29 May 2009 that it proposed to make modifications to Special Condition C8D of the Licence setting out their effect;
- ii. stated the reasons for the proposed modifications; and
- iii. served a copy of the Notice on the Licensee requiring any objections or representations to the modifications to be made on or before 26 June 2009.

3. It has come to the attention of the Authority that the Notice contained a minor drafting error. One of the sub-headings under Schedule B reads 'Part B – Attributing revenues from the sale of entry capacity to TOR and SOR'. This is clearly an error since Table 7 in paragraph 9(c)(iv) of Special Condition C8D of the Licence is under Part C, not Part B, of the Licence. The Notice should read 'Part C – Capacity release obligations'.

4. In accordance with section 23(4)(b) of the Act, the Authority gave notice that it proposed to make the modifications to the Secretary of State on 29 May 2009 and has not received a direction not to make the modifications before the relevant time period specified in the Notices.

5. Prior to the close of the relevant time period specified in the Notice, the Authority did not receive any responses which constituted formal objections.

6. On 22 June 2009 the Licence Holder gave written consent to the proposed modifications.

7. The Authority received one response in relation to the proposed modifications. The Authority has carefully considered the response received in relation to the proposed modifications and considers that no further amendment is necessary to the Notice in relation to the response received.

The response received, which was not confidential, is available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW19 3GE or from the Ofgem website www.ofgem.gov.uk.

8. In accordance with section 38A of the Act the Authority gives the following reasons for making the licence modifications:

The licence modifications are necessary to enable the Licence Holder to offer entry capacity for sale in the Quarterly System Entry Capacity auctions in response to a request received by it to create a new Aggregate System Entry Point at Canonbie.

Further details of the reasons were published by the Authority in the following document:

“Decision on determining revenue drivers for entry and exit points: Canonbie and Gilwern”, with reference number 58/09, published on 29 May 2009.

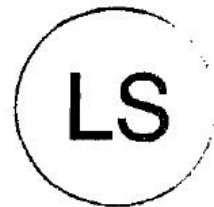
This document is available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

THEREFORE

In accordance with section 23(1)(a) of the Act, the Authority hereby modifies the Licence in the manner specified in attached Schedules A and B with effect on and from 1 July 2009.

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

The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of



.....
Stuart Cook
Director, Networks
Duly Authorised on behalf of the Authority

30 June 2009

Schedule A

Special Condition C8D NTS gas entry incentives, costs and revenues
Part A – the Gas Entry Revenue Restriction Calculations
Paragraph 2(c)(v) Maximum revenue entitlement allowed in respect of the
release of incremental obligated entry capacity

Table 3

	£m/GWh/month	z=			
		1	2	3	4
i	Easington	0.0013	0.0019	0.0059	0.0044
	Bacton	0.0026	0.0057	0.0063	0.0072
	Isle of Grain	0.0029	0.0026	0.0047	0.0105
	Milford Haven	0.0088	0.0137	0.0116	0.0184
	St Fergus	0.0002	0.0054	0.0163	0.0126
	Teesside	0.0013	0.0013	0.0020	0.0072
	Barrow	0.0037	0.0014	0.0021	0.0081
	Theddlethorpe	0.0016	0.0000	0.0021	0.0068
	Burton Point	0.0013	0.0021	0.0013	0.0027
	Hole House Farm	0.0065	0.0001	0.0021	0.0041
	Barton Stacey	0.0052	0.0016	0.0016	0.0131
	Hatfield Moor	0.0019	0.0004	0.0035	0.0015
	Garton	0.0021	0.0021	0.0049	0.0015
	Cheshire	0.0008	0.0000	0.0006	0.0010
	Hornsea	0.0008	0.0012	0.0030	0.0030
	Fleetwood	0.0072	0.0000	0.0011	0.0053
	Burton Agnes (Caythorpe)	0.0031	0.0028	0.0058	0.0053
	Wytch Farm	0.0020	0.0007	0.0078	0.0032
	Blyborough (Welton)	0.0030	0.0013	0.0055	0.0037
	Winkfield	0.0021	0.0015	0.0054	0.0035
	Tatsfield	0.0039	0.0048	0.0075	0.0146
	Glenmavis	0.0011	0.0000	0.0005	0.0110
	Partington	0.0009	0.0002	0.0008	0.0012
	Avonmouth	0.0067	0.0024	0.0060	0.0088
	Dynevor Arms	0.0037	0.0081	0.0071	0.0205
	Albury	0.0180	0.0013	0.0056	0.0043
	Palmers Wood	0.0073	0.0037	0.0075	0.0146
	Portland	0.0102	0.0030	0.0108	0.0118
Canonbie	0.0020	0.0038	0.0072		

Schedule B

Special Condition C8D NTS gas entry incentives, costs and revenues

Part C – Capacity release obligations

Paragraph 9(c)(iv) Obligations to release entry capacity

Table 7

NTS Entry Point i	For paragraph 9 (c) (ii)	For paragraph 9 (c) (iii)
	IBEnC _{i,m,h} (in GWh/day)	RIBEnC _{i,m,h} (in GWh/day)
Bacton	1,783.4	1,783.4
Barrow	309.1	309.1
Easington	1,062.0	1,062.0
St. Fergus	1,670.7	1,670.7
Teesside	361.3	476.0
Theddlethorpe	610.7	610.7
Glenmavis	28.5	99.0
Partington	174.6	215.0
Avonmouth	179.3	179.3
Isle of Grain	175.0	218.0
Dynevor Arms	8.0	49.0
Hornsea	164.1	175.0
Hatfield Moor (storage)	14.9	25.0
Hatfield Moor (onshore)	0.3	0.3
Cheshire	285.9	285.9
Hole House Farm	131.6	131.6
Wytch Farm	3.3	3.3
Burton Point	73.5	73.5
Milford Haven	0	0
Barton Stacey	82.6	82.6
Garton	0	0
Burton Agnes (Caythorpe)	0	0
Winkfield	0	0
Blyborough (Welton)	0	0
Tatsfield	0	0
Albury	0	0
Palmers Wood	0	0
Fleetwood	0	0
Portland	0	0
Canonbie	0	0