

NOTICE OF PROPOSED MODIFICATION OF THE SPECIAL CONDITIONS OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE IN RESPECT OF ITS NATIONAL TRANSMISSION SYSTEM UNDER SECTION 23(3) 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") granted or treated as granted pursuant to section 7 of the Gas Act 1986 ("the Act").
2. In accordance with section 23(4) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority") gives notice that it proposes to modify Part C of Special Condition C8D (Capacity release obligations) of the Licence in the manner set out in Schedule A to this Notice.
3. The effects of the proposed licence modification and the reasons why the Authority proposes to make the licence modification are as follows:
 - a. to clarify the objectives that NGG is required to achieve that will be assessed by the Authority in reaching its decision on whether to approve or veto an application for substitution; this proposed modification clarifies the principles which should be followed when deciding whether to substitute entry capacity or not;
 - b. to clarify the entry capacity substitution objectives which are to be facilitated by the entry capacity substitution methodology statement submitted by NGG; and
 - c. to provide the Authority with an additional month to consider the entry capacity substitution methodology statement submitted by NGG if it decides to conduct an impact assessment, which is in line with other similar licence conditions. This proposed modification provides the Authority with sufficient time to conduct an impact assessment on the submission of the first entry capacity substitution methodology statement submitted by NGG pursuant to paragraph 10(a)(i)(bb) of Special Condition C8D.
4. A copy of the proposed modification and other documents referred to in this Notice are available (free of charge) from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or on the Ofgem website (www.ofgem.gov.uk).
5. Any representations or objections to the proposed licence modification may be made in writing on or before 16 October 2009 and sent to:

Stuart Cook
Acting Senior Partner, Transmission & Governance
Office of Gas and Electricity Markets
9 Millbank,
London
SW1P 3GE
or by email to: gas.transmissionresponse@ofgem.gov.uk

6. All responses will normally be published on Ofgem's website and held in the Research and Information Centre. However, if a respondent does not wish its response to be published on the Ofgem website, the response should be clearly marked as not for publication.

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

Stuart Cook, Acting Senior Partner, Transmission & Governance

Duly authorised on behalf of the Gas and Electricity Markets Authority

18 September 2009