

**NOTICE OF PROPOSED MODIFICATION OF SPECIAL CONDITION C8B OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE IN RESPECT OF THE 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 the National Transmission System ("NTS"), 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") gives notice that it proposes to modify the Gas Transporter Licence (the "Licence") held by NGG in respect of the NTS by amending paragraph 3(b)(i) of Special Licence Condition C8B: NTS transportation owner activity revenue restriction by modifying, from 1<sup>st</sup> April 2010, the current definition of  $NDRP_t$  to the following:  
  
"means the NTS prescribed rates shall take a value of 39.40% in respect of the prescribed rates or equivalent tax or duty replacing them levied on the licensee in respect of NTS transportation owner activity and the Distribution Network transportation activity in respect of formula year t;"
3. The effect of the proposed modification is to increase the apportionment of prescribed rates for the NTS from 32.6391% to 39.40% as set out in Schedule A to this Notice.
4. The reason why the Authority proposes to make this licence modification is so that the licence will reflect the new rateable values that will apply from 1<sup>st</sup> April 2010 following the revaluation of NGG's rateable values, in common with all businesses in the UK, by the Valuation Office Agency ("VOA") and the Scottish Assessor's Authority ("SAA"). The new value of 39.40% represents a fairer apportionment of prescribed rates (business rates for gas transportation) based on the revaluation of NGG's rateable values. In order to produce the revised value of 39.40% for NTS the VOA has modelled separate calculations of rateable values for the NTS and the individual Retained Distribution Networks ("RDNs") using a bottom up process and information specific to the NTS and the RDNs and from this the underlying national rates assessments for each of the networks (i.e. NTS and the four RDNs) can be implied.
5. A copy of the proposed modification(s) 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 (telephone 020 7901 1600) or on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
6. Any representations or objections to the proposed licence modification may be made on or before 5th March 2010 to: Mick Watson, Senior Manager, Local Grids, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [mick.watson@ofgem.gov.uk](mailto:mick.watson@ofgem.gov.uk).
7. 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. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.



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**Stuart Cook, Senior Partner, Transmission & Governance**

**Duly authorised on behalf of the  
Gas and Electricity Markets Authority**

**3 February 2010**