

Ian Marlee  
Partner, Trading Arrangements  
Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Paul Whittaker  
UK Director of Regulation

paul.whittaker@uk.ngrid.com  
Direct tel +44 (0)1926 653190  
Direct fax +44 (0)1926 656520

[www.nationalgrid.com](http://www.nationalgrid.com)

15<sup>th</sup> February 2010

Dear Ian

**Notice under section 23(3) of the Gas Act 1986 (re modification of the Special Conditions of National Grid Gas plc's gas transporter licence (the "Licence") in respect of the NTS to amend Special Condition C3 (Restriction of Prices for Liquefied Natural Gas (LNG) Storage Services) (the "Condition"))**

I refer to the notice (the "Notice") given by the Gas and Electricity Markets Authority on 19 January 2010 pursuant to Section 23 of the Gas Act 1986 (the "Act") that it proposes to modify the Licence in the manner set out in the Schedule to the Notice.

National Grid has considered the drafting of the Schedule and considers that the wording of the proposed modification to the Condition would be made even clearer if the following formulation were to be adopted in paragraph 1(b):

"Such a direction may be made in respect of one or more LNG storage facility and/or in respect of one or more Operating Margins requirements. For the purposes of this condition only, "Operating Margins requirements" means **the Operating Margins procured by the licensee for:**

- **supply loss and** forecast demand change;
- **compressor failure and** pipeline failure, which is further subdivided into:
  - locational – South;
  - locational – West ;
  - locational – Wales;
  - locational – Scotland; **and**
  - locational – North
- **non-locational; and**
- **orderly rundown**

or such other requirements as may be necessary having regard to the licensee's obligations under **the licensee's network code and its Safety Case.** [revised text in bold]

and if the following text were added as a new paragraph 6 to the condition:

“6. In this condition “Safety Case” means the safety case prepared by the licensee pursuant to the Gas Safety (Management) Regulations 1996.

National Grid does not consider that the changes that it is proposing materially affect the objectives served by the Condition: rather it considers that they will help the clarity, consistency and user-friendliness of the drafting. In this light, National Grid consents to the proposed modification of the Licence in the manner specified in the Schedule to the Notice **provided that** the changes set out above are adopted by the Authority in directing the modification.

Yours sincerely

*[By e-mail]*

Paul Whittaker  
UK Director of Regulation