

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 ("NGG") holds a Gas Transporter Licence ("the Licence") in respect of its 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) and (4) of the Act The Gas and Electricity Markets Authority ("the Authority") proposes to modify the Licence held by NGG by amending 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.
3. The reasons why the Authority proposes to make these licence modifications is to allow NGG to recover additional revenue for incremental exit capacity it makes available at Barking and Coryton. These are set out in full in the decision letter accompanying this Notice 'Determining revenue drivers for exit points: Abernedd, Barking and Coryton', published on 18 March 2010.
4. The effect of the proposed modification is to add new project revenue drivers for the NTS exit points at Barking and Coryton.
5. 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).
6. Any representations or objections to the proposed licence modifications may be made in writing on or before 19 April 2010 and sent to:

Richard Miller,
Office of Gas and Electricity Markets,
Third Floor,
Cornerstone, 107 West Regent Street,
Glasgow,
G2 2BA

or by email to gas.transmissionresponse@ofgem.gov.uk.

7. 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 However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication.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.



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Stuart Cook, Senior Partner Transmission and Governance
Duly authorised on behalf of the Gas and Electricity Markets Authority
18 March 2010

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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Gilwern	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)	£1,304
<u>Barking (Horndon)</u>	<u>To deliver NTS incremental exit shipper capacity or NTS obligated incremental flat capacity of 23.8 GWh/day at Barking (Horndon) in respect of which a revenue driver has not previously been applied</u>	<u>£171,895</u>

NTS Exit Point z**Project description****RDNEWPROJ_{z,t}
£ /GWh/year**

	<u>pursuant to paragraphs 1(d)(i), 1(d)(ii) or 1(d)(iii)</u>	
<u>Coryton 2 (Thames Haven) Power Station</u>	<u>To deliver NTS incremental exit shipper capacity or NTS obligated incremental flat capacity of 46.2 GWh/day at Coryton 2 (Thames Haven) Power Station 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>£129,552</u>