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*Promoting choice and  
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Date: 18 March 2010

Dear Nick

### **System Management Principles Statement - Annual Consultation**

As required by Special Condition C5(8) of the Gas Transporter Licence ("Special Condition C5") National Grid Gas NTS ("NGG NTS") has submitted a report to the Authority ("the Report") on its annual review of the System Management Principles Statement ("SMPS").

In the Report, NGG NTS has proposed that no material changes be made to the current version of the SMPS<sup>1</sup> but that a number of 'housekeeping' changes are made which incorporate changes associated with Modification 0257 "Revision of the Gas Balancing Alert (GBA) Trigger/Safety Monitor."<sup>2</sup>

In accordance with Special Condition C5, NGG NTS consulted industry on the proposed changes to the SMPS. No responses were received.

### **Ofgem's view**

The Authority has considered the changes to the SMPS proposed by NGG NTS. Having had regard to its principal objective and to its statutory duties<sup>3</sup>, the Authority agrees that NGG NTS may modify the SMPS as set out in the Report, with the exception of one proposed amendment which shall not be included in the SMPS Report for 2010-2011.

The proposed amendment to be excluded from the updated version of the SMPS relates to the inclusion of the term "endeavour to" within Part D Section 6 of the version of the SMPS attached to the Report. We are not persuaded that this particular change is non-material as suggested by NGG NTS, as it implies a reduced obligation on NGG NTS to publish the relevant multi-day trade information within the relevant timescales.

We have raised this concern with NGG NTS. While we understand NGG NTS's view that there is always a very small risk that information is not published within the prescribed timescales, we also understand that it is not the intention of NGG NTS to weaken this obligation. We therefore consider that this text should be removed from the final version of the SMPS Report for 2010-2011.

<sup>1</sup> The version of the SMPS (2.6) consulted upon can be found on National Grid's website: [www.nationalgrid.com](http://www.nationalgrid.com)

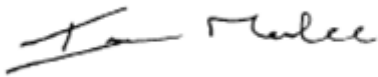
<sup>2</sup> Details of this modification proposal can be found on the Joint Office website: [www.gasgovernance.co.uk](http://www.gasgovernance.co.uk)

<sup>3</sup> Section 4AA of the Gas Act 1986.

## **The Authority's decision**

Pursuant to Special Condition C5(8) of NGG NTS's Gas Transporter Licence and having regard to its principal objective and statutory duties, the Authority agrees that NGG NTS may modify the SMPS as set out in the Report with the exception of the term "endeavour to" within Part D Section 6. This term will be excluded from the SMPS Report for 2010-2011.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Ian Marlee', with a horizontal line drawn underneath the name.

**Ian Marlee**

**Partner, Trading Arrangements**

Signed on behalf of the Authority and authorised for that purpose by the Authority.