



Interested parties

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Date: 28 April 2010

Dear colleague

Notice under section 23 of the Gas Act 1986 – Proposed amendments to Special Condition C8E of National Grid’s Gas Plc’s National Transmission System Gas Transporter Licence

This letter summarises several proposed changes to Special Condition C8E of National Grid Gas’s (NGG) Gas Transporter Licence (the “Licence”). We consider that the proposals are required to update the licence conditions which relate to the availability of NTS exit baseline flat capacity.

As we consider that the proposals amount to no more than a ‘housekeeping’ exercise and will make no significant changes to the Licence we have not undertaken an informal consultation. However, we are seeking the views of interested parties to this Notice of proposed amendments. Respondents can provide comments on the proposals by replying to the address in the accompanying notice.

This letter outlines:

- The background to the proposed changes including why they are required;
- The proposed changes; and
- Ofgem’s views on amending the Licence.

Background

Annex A to Special Condition C8E contains two tables which list each offtake point on the NTS, what type of offtake point they are¹, and how much exit baseline capacity is available in GigaWatt hours per day (GWh/day). Table 1 shows this information for the transitional period and table 2 for the enduring period. The amounts of exit baseline capacity listed in these tables are used by NGG to calculate available capacity in their Enduring Annual Application for NTS Exit (Flat) Capacity, held in July each year.

Issue

We have become aware that there are several minor issues with the current drafting of SC C8E which need to be amended. While these drafting issues are not significant they need to be corrected so that NGG can publish accurate information on capacity availability in its invitation to the July 2010 Annual Application for Enduring Annual NTS Exit (Flat) Capacity.

¹ Offtake points can be direct connects, Gas Distribution Networks, storage sites or interconnectors.

Proposed amendments

We propose the changes below to Tables 1 and 2 in Annex A of Special Condition C8E of the Licence. The text changes being proposed in the Licence are shown in the accompanying section 23 modification notice.

Proposed changes to Special Condition C8E:

- Change the name of 'Roosecote (Roosecote Power Station)' to 'Roosecote Power Station (Barrow)';
- Change the name of 'Mosside' to 'Burnhervie';
- Change the name of 'Phillips Petroleum, Teeside' to 'Phillips Petroleum, Teesside';
- Add a direct connect offtake point called 'Hatfield power station' with a baseline of 0 GWh/day.

Ofgem's view

We consider that these proposed changes are minor in nature. The name changes proposed for Roosecote (Roosecote Power Station) and Mosside will have no effect on capacity availability at these offtake points. The main benefit from this proposal will be that the offtake points will now be listed in tables 1 and 2 by their more commonly used names. There have been occasions where offtake points have been known by different names other than the names listed in the Licence Annex. This change should help prevent these misunderstandings occurring in the future. In this regard, the proposed name changes will help NGG ensure that competition for capacity is maintained at these offtake points. The name change proposed for Phillips Petroleum, Teesside is to correct a spelling mistake in the licence.

The addition of Hatfield power station will allow this offtake point to be included in the July 2010 application window for Enduring Annual NTS Exit (Flat) capacity and allow shippers to bid for exit capacity. We regard this as a necessary addition as it will ensure that NGG is satisfying its duty to develop and maintain an efficient and economical NTS.

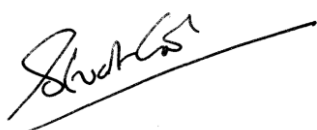
Proposed Way forward

Subject to consideration of any representations or objections to the proposals outlined above and having regard to the Authority's principal objective and statutory duties, the Authority proposes to amend the Licence as per the accompanying notice.

The proposed licence changes are set out in Tables 1 and 2 of Schedule A to the Section 23 Gas Act 1986 Notice that accompanies this letter. As confirmed in the Notice, any representations or objections should be made to Ofgem by 26 May 2010. Subject to any representations and NGG's consent, Ofgem aims to modify the licence before June 2010.

If you have any comments or questions on this letter, please contact James Thomson on 0141 331 6012 or james.thomson@ofgem.gov.uk in the first instance.

Yours sincerely



Stuart Cook

Senior Partner, Transmission & Governance

Signed on behalf of the Authority and authorised for that purpose