

NOTICE UNDER SECTION 23(2) OF THE GAS ACT 1986

The Gas and Electricity Markets Authority¹ ("the Authority") hereby gives notice pursuant to section 23(2) of the Gas Act 1986 ("the Act") as follows.

1. We propose to modify the gas transporters licence held by GTC Pipelines Limited ("the Licensee") granted or treated as granted under section 7 of the Act by introducing new Special Condition 2 (The Network Innovation Competition).
2. The reason why we propose to make this licence modification is to enable the Licensee to bid for funding for innovative low carbon or environmental projects through the gas Network Innovation Competition (NIC).
3. We are introducing the gas NIC as part in the RIIO Transmission and Gas Distribution price controls (RIIO-T1 and RIIO-GD1 respectively). We published a decision in March 2012² that Independent Gas Transporters (IGTs) could enter the competition alongside the gas transporters regulated through the RIIO price control framework. To do this, the IGTs must request a modification to their licences to introduce the NIC licence condition. We consulted on the draft NIC licence condition as part of the RIIO-GD1 informal licence consultation³.
4. The effect of the proposed modification is to establish arrangements known as the NIC which will enable the Licensee to apply for funding for eligible NIC projects. These include:
 - a) establishing the NIC funding mechanism and the funding return mechanism which outline the circumstances under which the Licensee will receive funding from the National Transmission System (NTS) operator and the circumstances under which the Licensee must return money to the NTS operator;
 - b) establishing that the regulation, governance and administration of the NIC will be detailed in the Gas Network Innovation Competition Governance Document ("NIC Governance Document");
 - c) establishing that the Licensee must comply with the NIC Governance Document as if it formed a part of the licence; and
 - d) establishing the procedure for issuing the NIC Governance Document.
5. Supporting Document 1, the NIC Governance Document, which derives from the proposed modification, has been published alongside this notice.
6. A copy of the proposed modification(s) and other documents referred to in this notice are available on our website:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Pages/ModsNotices.aspx>.
7. Any representations on the proposed licence modification may be made on or before 8 February 2013 to: Nicola Meheran, Smarter Grids and Governance: Distribution, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to nicola.meheran@ofgem.gov.uk.

¹ The terms "the Authority", "Ofgem" and "we" are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority. The Authority is the governing body for Ofgem, consisting of non-executive and executive members.

² See [here](#) for further information

³ See [here](#) for further information

8. All responses will normally be published on our website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.

7. If we decide to make the proposed modification, it will take effect 56 days after the decision is published.



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Andrew Burgess
Associate Partner, Transmission and Distribution Policy
Duly authorised on behalf of the
Gas and Electricity Markets Authority

11 January 2013