

Appendix Three - NGG plc Comments on Schedule 1 to Ofgem’s Statutory Consultation on modifications to Standard Licence Conditions as part of the implementation of the RIIO GD-1 and GT-1 Price Controls

Respondent details		National Grid Gas plc			
No.	Condition number /	Condition name	Page/Paragraph Ref	Comments	Suggested alternative drafting (please use tracked changes wherever possible)
1	Condition 1	Definitions and Interpretation	Throughout	<p>We cannot understand why the Authority is proposing to make modifications to the provisions of Standard Condition 1 as the vast majority of the standard conditions of gas transporter licences are “switched off” in the licences of DN Operators and the NTS Operator.</p> <p>The relevant defined terms for the NTS Operator and DN Operators are set out in Standard Special Condition A3 (Definitions and Interpretation) of the Licences of the NTS Operator and DN Operators.</p> <p>If the changes are implemented, they will have no impact on the conditions in the NTS Operator’s licence or those of DN Operators, since the defined terms in the relevant parts of those licences are governed by the defined terms in Standard Special Condition A3 (Definitions and Interpretation) of those licences.</p> <p>As such, the proposed changes can only have an impact on the licences of IGTs. They are therefore not relevant to RIIO.</p> <p>These changes, if implemented, would not achieve any substantive effect for the NTS Operator licence and those of DN Operators, while potentially making the conditions of IGTs licences in which the relevant amendments would have effect unworkable.</p>	Do not direct the changes proposed as they are likely to have an impact on whether the licence of independent gas transporters remain coherent and workable.

				<p>In any event, we note that these amendments are not carried in a systematic way. For example, because, while the proposal suggests that “Holding Company” should become a capitalised definition, it does not seek to use this defined term consistently even within condition 1, for example where the expression “holding company” appears in the definitions of “Affiliate” and “ultimate controller”.</p> <p>If Ofgem is to seek to change defined terms to being capitalised, this must be done in a consistent manner that reflects how those defined terms are used. As proposed, the amendments to condition 1 achieve none of these objectives and should not be implemented (and, as pointed out above, may have adverse consequences for the coherence of IGT’s licences.)</p>	
2	Condition 2	Application of Section C (Transportation Services Obligations)	Paragraph 1	Typo.	Delete additional/unnecessary full stop after subparagraph 2(b).
3	Condition 2	Application of Section C (Transportation Services Obligations)	Paragraph 5(b)	For consistency, the expression “Transportation Services Area” should remain lower case as is lower case in the schedule to the licence.	Do not implement proposed amendment.
4	Condition 28	Termination of Shipping Arrangements	Throughout	Need to ensure that licence conditions use capitalised definition consistently within different sections of the licence. As drafted, the conditions as modified would use a number of terms that are defined with a lower case in condition 1 incorrectly, because the terms, as defined in condition 1 are lower case, but are used in condition 28 in upper case. This will create the potential for users to become confused as to whether there are separate meanings for the same term when used in	Use all defined terms in lower case except “Old Arrangements”.

			<p>lower case in condition 1 and used in upper case in this condition. While we note Ofgem's policy of seeking to use capital letters for defined terms in Special Conditions, it needs to be remembered that there is the prospect of a general revision of the terms of the gas transporter licences which should be used to ensure the consistent use of defined terms in upper and lower case.</p> <p>As a result, the following terms should remain in lower case in this condition (especially as no proposal has been brought forward to change the capitalisation of these terms in condition 1):</p> <ul style="list-style-type: none">- "relevant shipper";- "gas";- "licensee's pipeline system";- "secondary sub-deduct premises". <p>By contrast, if the authority is to seek to direct a change to capitalise the expression "Old Arrangements" (see paragraph 2(a), then this must be carried forward consistently and the same expression used in upper case wherever it is used in this condition (see paragraph 2(c) where it is used in lower case).</p>	
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