

To: All holders of a gas interconnector licence

**Gas Act 1986
Section 23(1)(b)**

MODIFICATION OF THE STANDARD CONDITIONS OF GAS INTERCONNECTOR LICENCES GRANTED UNDER SECTION 7ZA(1) OF THE GAS ACT 1986

Whereas –

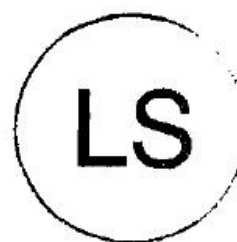
1. Each of the companies to whom this document is addressed (a "Licence Holder") has been granted a licence ("a Licence") under section 7ZA(1) of the Gas Act 1986 (the Act) to participate in the operation of a gas interconnector subject to the conditions contained in its Licence.
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority ("the Authority") gave notice on 20 December 2012 ("the Notice") that it proposed to make modifications to condition 2 (Payments by the licensee to the Authority) of the Licence and by requiring any representations to the modification to be made on or before 23 January 2013.
3. In accordance with section 23(4)(b) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received one response. All non-confidential responses have been placed on the Ofgem website.
5. The Authority has carefully considered in relation to the proposed modification all representations received.
6. In accordance with section 38A of the Act the Authority gives the following reasons for making the licence modifications:
 - i. to remove any obsolete references relating to the payment to the Authority of the costs incurred by the Competition Commission in connection with any reference made to it.
7. The effect of the modifications will be to:
 - i. remove paragraphs 1 to 5 of Standard Condition 2. The words "Not used" will be inserted under the Standard Condition 2 heading (Payments by the licensee to the Authority).
8. Where an application for permission to appeal the Authority's decision is made to the Competition Commission under section 23B of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 1 provides a list of the relevant licence holders in relation to this modification direction. The meaning of 'relevant licence holder' is set out in section 23(10) of the Act.

Now therefore

In accordance with the powers contained in section 23(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all gas interconnector licences in the manner specified in the attached Schedule 2. This decision will take effect on and from 3 April 2013.

This document constitutes notice of the reasons for the decision to modify the gas interconnector licences as required by section 38A of the Act.

**The Official Seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of**



PAUL HESELTINE

Associate Director Finance and Risk Management

**Duly authorised on behalf of the
Gas and Electricity Markets Authority**

6 February 2013

Schedule 1**Gas Interconnector relevant licensees list**

BBL Company	2085020	PO Box 225, 9700 AE, Groningen, The Netherlands
BGE (UK) Limited	2827969	5th Floor, 6 St. Andrew Street, London, EC4A 3AE, Great Britain
Interconnector (UK) Limited	2989838	41 Vine Street, London, EC3N 2AA, Great Britain
Premier Transmission Limited	NI026421	First Floor, The Arena Building, 85 Ormeau Road, Belfast, BT7 1SH, Great Britain

Schedule 2

Condition 2. Payments by the licensee to the Authority

Not used.

~~1.—The licensee shall, at the times stated, pay to the Authority such amounts as are determined by or under this condition.~~

~~2.—In respect of each relevant year at the beginning of which the licensee holds this licence, the licensee shall pay to the Authority the aggregate of:~~

~~(a) an amount which is the relevant proportion of the estimated costs incurred by the Competition Commission in the previous relevant year in connection with any reference made to it with respect to the licence or any other licence;~~

~~(b) an amount that is the relevant proportion of the difference (being a positive or negative amount), if any, between:~~

~~(aa) any costs estimated by the Authority in the previous relevant year under sub-paragraph 2(a); and~~

~~(bb) the actual costs of the Competition Commission (in connection with that reference) for the relevant year prior to the previous relevant year.~~

~~3.—The amounts determined in accordance with paragraph 2 shall be paid by the licensee to the Authority in one instalment being due for payment by 31 October in each year, provided that if the Authority has not given notice of the amount of the instalment at least 30 days before the payment date stated above, the licensee shall pay the amount due within 30 days from the actual giving of notice by the Authority to the licensee (whenever notice is given).~~

~~4.—When the licensee fails to pay the amount determined in accordance with paragraph 2 within 30 days of the due date set out in paragraph 3, it shall pay simple interest on the amount at the rate which is from time to time equivalent to the base rate of~~

~~NatWest Bank plc or, if there is no such base rate, such base rate as the Authority may designate for the purposes hereof.~~

~~5. In this condition:~~

"estimated costs"	means costs estimated by the Authority as likely to be the costs incurred by the Competition Commission, such estimate having regard to the views of the Competition Commission
"relevant proportion"	means the proportion of the costs attributable to the licensee in accordance with any direction issued by the Competition Commission under section 177(3) of the Energy Act 2004 and otherwise with principles determined by the Authority for the purposes of this condition generally and notified to the licensee
"relevant year"	means a year beginning on 1 April of each calendar year and ending on 31 March of the following calendar year