

**To: National Grid Gas plc (with respect to its transmission business)
National Grid Gas plc (with respect to its distribution business)
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales and West Utilities Limited**

RIIO-GT1 and GD1 Modifications to amend the standard special conditions of the gas transporter licence and reasons for decision pursuant to section 23 and 38A of the Gas Act 1986

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

MODIFICATION OF THE STANDARD SPECIAL CONDITIONS OF GAS TRANSPORTER LICENCES GRANTED UNDER SECTION 7 OF THE GAS ACT 1986.

Whereas –

1. Each of the companies to whom this document is addressed (the “Licence Holder”) has been granted a gas transporter licence (“the Licence”) under section 7 of the Gas Act 1986 (“the Act”) to convey gas through pipes subject to the conditions contained in the Licence.
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority (“the Authority”) gave notice on 21 December 2012 (“the Notice”) that it proposed to make the following modifications to standard special conditions of the Licence:

(a)

(i) In Part A

Modify:

- Standard Special Condition A3. Definitions and Interpretation
- Standard Special Condition A8. Emergency Services and Enquiry Service Obligations
- Standard Special Condition A30. Regulatory Accounts
- Standard Special Condition A35. Prohibition of Cross-Subsidies
- Standard Special Condition A36. Restriction on Activity and Financial Ring Fencing
- Standard Special Condition A40. Price Control Review Information,

(ii) Remove by substituting the title and entire current text with the words “Not Used”:

- Standard Special Condition A10. Provision and Return of Meters
- Standard Special Condition A29. Change of Financial Year
- Standard Special Condition A32. Definition of Permitted Purpose
- Standard Special Condition A43. Provision of Metering and Meter Reading Services

- Standard Special Condition A46. Non-discrimination in the Provision of Metering Activities;and
- (iii) Insert:
- Standard Special Condition A55. Data Assurance requirements.
- (b)
- (i) In Part D
- Modify:
- Standard Special Condition D10. Quality of service standards
 - Standard Special Condition D11. Charging obligations
- (ii) Remove by substituting the title and entire current text with the words “Not Used”:
- Standard Special Condition D9: Distribution Network Transportation Activity Incentive Scheme and Performance Reporting
- (iii) Insert:
- Standard Special Condition D20. Distributed Gas: Connections Guide and Information Strategy;and
- (iv) Renumber Standard Special Conditions A10, A43 and A46 in existing Part A as D17, D18 and D19 respectively and insert these conditions into Part D as follows:
- Standard Special Condition D17. Provision and Return of Meters
 - Standard Special Condition D18. Provision of Metering and Meter Reading Services
 - Standard Special Condition D19. Non-discrimination in the Provision of Metering Activities

(together “the Standard Special Conditions”) as set out in Schedule 1 (Part A) and Schedule 2 (Part D) to the Notice, to implement the Authority’s decision on the RIIO-GT1 and GD1 price controls – Final Proposals¹ and by requiring any representations to the modifications to be made on or before 22 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 modifications.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received five responses. All non-confidential responses have been placed on the Ofgem website.
5. The Authority has carefully considered in relation to the proposed modifications all representations received. Its response to those representations is attached at Schedule 3 to this modification.

¹ [RIIO-T1 : Final Proposals for National Grid Electricity Transmission and National Grid Gas](#) and [RIIO-GD1: Final Proposals - Overview](#)

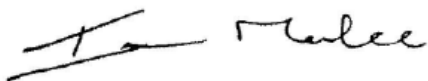
6. The Authority also considers it necessary to make a number of minor changes to the modifications set out in the Notice. These are indicated at Schedule 3 to this modification.
7. In accordance with section 23(7)(d) of the Act, Schedule 3 of this modification also states the reasons for any differences between the proposed modifications set out in the Notice and the modifications set out in the attached Schedules 1 and 2.
8. In accordance with section 38A of the Act and in summary, the reason why the Authority is making these licence modifications is to give effect to the new RIIO (Revenue = Incentives + Innovation = Outputs) regulatory framework.
9. Schedule 4 of this modification sets out the reasons and effect of the modifications.
10. Schedule 5 provides a list of relevant licence holders in relation to this modification.

Now therefore

In accordance with the powers contained in section 23(1)(b) of the Act and for the reasons set out in the Notice and Schedule 2 of this modification, the Authority hereby modifies the Standard Special Conditions in the manner specified in attached Schedule 1 (Part A) and Schedule 2 (Part D). This decision will take effect on and from 1 April 2013.

This document constitutes notice of the reasons for the decision to modify the 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**



.....
Ian Marlee, Senior Partner Smarter Grids and Governance (transmission)
Duly authorised on behalf of the
Gas and Electricity Markets Authority

1 February 2013

Schedule 1 - Modifications of the Standard Special Conditions of the gas transporter licence – PART A

A copy of the modifications of the Standard Special Conditions (PART A) of the gas transporter licence can be found on Ofgem's website at:

<http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/ConRes/Documents1/gassscmodsA.pdf>

Schedule 2 - Modifications of the Standard Special Conditions of the gas transporter licence – PART D

A copy of the modifications of the Standard Special Conditions (PART D) of the gas transporter licence can be found on Ofgem's website at:

<http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/ConRes/Documents1/gassscmodsD.pdf>

Schedule 3 - Reasons for differences between the modifications and those set out in the Notice

Standard Special Conditions - comments				
Comment From	Para Ref in the statutory consultation	Comment	Ofgem Response and (where appropriate) the reasons for differences between the modifications and those set out in the Notice	Change made to licence (Y/N)
Standard Special Condition A3: Definitions and Interpretation				
NGGT and NGGD	General	<p>Need to ensure that licence conditions use capitalised definition consistently. As drafted, there is no proposal to change the use of defined terms in Standard Special Condition A3 to upper case, but amendments are proposed to capitalise the use of the defined terms where they are used in specific conditions.</p> <p>This approach will lead to internal inconsistency and potentially to confusion.</p> <p>Wherever possible, defined terms should also be used consistently between the standard and standard special conditions (see comments on the standard conditions).</p> <p>The capitalisation of defined terms should be carried forward through by means of the proposed general revision of the terms of the gas transporter licences to ensure consistent use of defined terms in upper case.</p> <p>In particular, the expression “Licensee” should be used in lower case throughout the Standard Special Conditions in Parts A and D.</p>	Agree. Use lower case for defined terms.	Y
NGGT and NGGD	Throughout	Defined terms use lower case throughout. Defined terms should be used consistently in substantive conditions.	Agree - All defined terms changed to lower case	Y
NGGT and NGGD	“permitted	Add ‘s’ to ‘paragraph’ in last paragraph of definition	Agree. Amended accordingly.	Y

	purpose”			
Ofgem	N/A	N/A	We consider it necessary to insert a definition of “distribution network” into this condition	
Standard Special Condition A8: Emergency Services and Enquiry Service Obligations				
NGGT and NGGD	Throughout	<p>The following terms should be used in lower case throughout the revised condition as they are defined in lower case in Standard Special Condition A3 (Definitions and Interpretation)</p> <ul style="list-style-type: none"> - Licensee; - Gas; - Information; - Primary Sub-deduct premises; - Secondary Sub-deduct premises; - Relevant Supplier; - Shipper; - Customer. 	<p>Agree. All defined terms changed to lower case</p> <p>Also noted title of standard condition 16 is incorrect and have corrected to read “Pipe-Line System Security”</p>	Y
NGGT and NGGD	Throughout	If the expressions “Relevant Customer” and “Network Emergency Coordinator” are to be capitalised (as they are in, for example, paragraph 16), then their use throughout the condition needs to be in capitals throughout the condition and, in particular, where those terms are defined in paragraph 21.	Change back to lower case for consistency	Y
NGGT and NGGD	Para 3(a)	Insert comma after “numbers”	Commas in text. No change required.	Y
Standard Special Condition A30: Regulatory Accounts				
WWU	C. 7.	<p>This cannot be introduced in retrospect. I.e. if Ofgem intend extending the retention period, it cannot say at a point the six year retention becomes eight. It would become eight in two years time as records may have already been destroyed</p> <p>Suggestion: Please note the practical implications of the current drafting</p>	This condition does not introduce an 8 year retention period.	N

WWU	C 9 (g)	Can the Directors' Report and Business Review be one combined report/statement? Please can Ofgem confirm	It can be. No change required.	N
Ofgem	A 2	Definitions of Distribution Network and NTS are in SSC3.	Erroneous references deleted.	Y
WWU	D 11	This should have a materiality threshold ~ greater of 30.5m or 1% of turnover by item/counterparty? Suggestion: Please add in Materiality	Disagree. No materiality threshold was included in the previous version of this condition.	N
WWU	J. 31.	The word "transmission" needs to be replaced with Transportation For the avoidance of doubt, the Licensee should prepare Regulatory Accounts for the consolidated transmission Transportation business for the Financial Year commencing on or after 1 April 2012 in accordance with the licence condition in force as at 31 March 2013.	Agree. Amended accordingly.	N
SGN	General	Note that Standard Special Condition A29 Change of Financial Year is proposed to be deleted on the proviso that this is now included under A30. The provision for the licensee to change the Financial Year does not appear to have been inserted into A30.	No change is required. This condition relates to regulatory accounts, not statutory accounts.	N
SGN	2(a)	Closed brackets need to be inserted	Agree, however drafting now superceded.	N
NGN	31	In A30(31) the reference to "transmission" would seem to be incorrect and should read "transportation" and the reference should, surely, merely be to the financial year "commencing" on 1st April 2012 not "on or after".	Agree. Amended accordingly.	Y
NGGT and NGGD	Throughout	The following terms should be used in lower case throughout the revised condition as they are defined in lower case in Standard Special Condition A3 (Definitions and Interpretation) - Licensee; - Financial Year; - Regulatory Accounts; - Transportation Business;	Agree. Defined terms changed to lower case.	Y

		<ul style="list-style-type: none"> - Affiliate; - Related Undertaking; - Ultimate Controller; - Gas; - Appropriate Auditor; - Metering Business; - Meter Reading Business; - De Minimis Business; - Subsidiary. <p>“Statutory Accounts” should be lower case as it is not a defined term.</p>		
NGGT and NGGD	Para 2(f)	<p>Term ‘relevant associate’ has not been defined (it was defined in the old A30). It is also not capitalised.</p> <p>Add a definition to paragraph: Relevant Associate is as defined in paragraph 4 of Standard Special Condition A36 (Restriction on Activity and Financial Ring Fencing).</p>	Agree. Amended accordingly.	Y
NGGT and NGGD	Para 3	In last line replace “they” with “it”.	Agree. Amended accordingly.	Y
NGGT and NGGD	Para 4	“Gas” should not be capitalised in first sentence (two occurrences).	Agree - Changed to lower case.	Y
NGGT and NGGD	Para 11	“Amount” should not be capitalised in line 3	Agree - Change to lower case.	Y
NGGT and NGGD	Para 30(b)	<p>Capitalise reference to “UK corporate governance code” and “Listing Rules and Interpretations” as these are the proper names of these documents: See, for example the code published by the Financial Reporting Council (see: http://frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx)</p>	<p>Agree that “UK corporate governance code” should be in capitalised.</p> <p>Disagree with capitalising Listing Rules and Interpretations as the text was to not intended to refer to any particular document but a generalisation, as the UK Listing Authority continually publish separate updates</p>	Y
NGGT and NGGD	Para 31	<p>Delete “for the consolidated transmission business”.</p> <p>Inconsistency of language with other references to pre-RIIO licence conditions. Should read “in accordance with this licence condition in the form it was in force as at 31 March 2013” [NEW TEXT IN BOLD]</p>	Agree. Amended accordingly.	Y

Standard Special Condition A35: Prohibition of Cross-Subsidies				
NGGT and NGGD	Throughout	<p>The following terms should be used in lower case throughout the revised condition as they are defined in lower case in Standard Special Condition A3 (Definitions and Interpretation)</p> <ul style="list-style-type: none"> - Licensee; - Transportation Business; - Affiliate; - Related Undertaking; - Relevant Gas Transporter; - NTS Operator; - DN Operator. 	Changed to lower case	Y
NGGT and NGGD	Para A35.3	<p>The reference is to the DN condition, but this is not relevant for the NTS licence as 1A is the “Definitions” condition in that licence not “Restriction of revenue in respect of the Distribution Network Transportation Activity : Definitions”</p>	Definition of Distribution Network now in SSCA3, reference to 1A removed.	Y
Standard Special Condition A36: Restriction on Activity and Financial Ringfence				
NGGT and NGGD	Throughout	<p>The following terms should be used in lower case throughout the revised condition as they are defined in lower case in Standard Special Condition A3 (Definitions and Interpretation)</p> <ul style="list-style-type: none"> - Licensee; - Permitted purpose; - Gas; - Subsidiary; - Affiliate; - Related Undertaking; - De Minimis Business; - Metering Business; - Meter Reading Business; - Regulatory Accounts. 	Changed back to lower case	Y
Standard Special Condition A40: Regulatory Instructions and Guidance				
WWU	E17	The protection for legal privilege is incomplete as it	We agree - Added “or give any information” to make the	Y

		<p>needs to include the words of the documents “or give any information” See existing SSC A26(7)</p> <p>Suggested wording for point 17 per existing A26(7)</p> <p>Nothing in this condition shall require the Licensee to produce any documents or give any information which it could not be compelled to produce or give in evidence in civil proceedings before a court</p>	protection for legal privilege complete	
NGN	5 (h)	This provision should be deleted. The requirement for carrying out specific data assurance activities such as audit is either set out in the specific licence condition (e.g. regulatory accounts) or will be directed under the powers set out in SSC A55 Part E.	Disagree – an audit can be in addition to any data assurance activities, plus A55 does not come into force immediately.	N
NGN	17	In SSC A40(17) the protection for legal privilege is incomplete and should include the words of the documents “or give any information” see SSCA26(7).	As WWU above	Y
NGGT and NGGD	Throughout	<p>The following terms should be used in lower case throughout the revised condition as they are defined in lower case in Standard Special Condition A3 (Definitions and Interpretation)</p> <ul style="list-style-type: none"> - Licensee; - Information (except where used as part of the defined term “Specified Information”); - Affiliate; - Related Undertaking; - DN operator. 	Changed to lower case. Including references to “specified information” to preserve consistency	Y
NGGT and NGGD	Throughout	<p>This condition confuses the use of:</p> <ul style="list-style-type: none"> - “Information” (which should be in lower case as it is defined in lower case in Standard Special Condition A3; and - The defined the term “Specified Information” in paragraph 3(a). <p>These terms need to be used consistently.</p>	Disagree – we consider the drafting to be clear. As above information is no longer capitalised.	N

		<p>Use “information in lower case except where part of the defined term “Specified Information”.</p> <p>Insert “Specified” before “Information” in paragraphs 3(b) and 4(a).</p>		
NGGT and NGGD	Para 2	<p>The expression “Special Conditions” is not defined. We suggest that a reference to the “Relevant Special Conditions” as defined in Special Condition 1A of the NTS and DN special conditions be used instead and that Condition A40 refer to that definition.</p> <p>Paragraph 2 should read as follows:</p> <p>...”needs to enable it to administer the Relevant Special Conditions of this license (as that term is defined in Special Condition 1A (Definitions) or Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions), whichever is in force in this licence).”</p>	Disagree – we consider the drafting to be clear.	N
NGGT and NGGD	Para 2	We do not consider that the reference to Final Proposals (which in any event are undefined) is necessary as those proposals are expressed in obligations on the licensee set out in the Special Conditions.	Disagree – Final Proposals sets out reporting requirements for some elements that are not in the licence (such as BCF). And it is defined for the purposes of this condition in this condition.	N
NGGT and NGGD	Para 9	Should refer to “this” licence.	<p>Agree wording should be more specific.</p> <p>We have added “these standard conditions” to make the text more specific,</p>	Y
NGGT and NGGD	Para 16	Correct cross-reference required. Replace reference to Special Condition 1B with reference to” “Special Condition 1A (Definitions) or Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions), whichever is in force in this licence”	Agree that the cross-reference is incorrect.. We have inserted a definition of “distribution networks” into SSC A3: Definitions and interpretation	Y

Standard Special Condition A55: Data Assurance requirements				
WWU	3b	<p>We raised our concerns over this Condition at the last licence drafting meeting. In terms of double jeopardy we pointed out that this Condition is actually dealing with data risk assessment processes not the accuracy of information as such. If this Condition remains in, it will enable Ofgem to take enforcement for breach of this and of the substantive condition elsewhere in Licence for the provision of information. Ofgem, at the meeting, said that there was no intention for there to be double jeopardy and this Condition would only apply when switched on, when the other Conditions will be switched off. We see it as impossible to switch the other Conditions off because they deal with the details of the information itself.</p> <p>Suggestion: possible removal of paragraph</p>	<p>Disagree.</p> <p>Any breach concerning data accuracy will come under the relevant conditions (ie RIGs) rather than the DAG. Licensees will not be subjected to double jeopardy. Paragraph 4 makes this point “Data provided to the level of accuracy and reliability required under the relevant licence condition will be considered to be accurate and complete for the purposes of this condition”.</p> <p>Licensees will be in breach on the data assurance condition if they do not comply with the DAG.</p> <p>There is also currently no obligation to provide accurate and complete information in the licence, although it is implicit. Here we make it explicit.</p>	N
SGN	15 (a) (ii)	<p>As the over-arching paragraph (15 (a)) has been amended to only deal with instances when the DAG is modified, we do not believe references to issuing the DAG are required here. We therefore propose that “issued or (as the case may be)” and “issue or” are deleted so the subparagraph reads as follows:</p> <p>setting out the text of the DAG to be modified and the Authority’s reasons for proposing to modify it</p>	<p>Paragraph D now only refers to modification of the DAG and not issuing of the DAG.-</p>	Y
NGGT and NGGD	Throughout	Capitalise “Data” consistently throughout.	Disagree– for consistency used in lower case throughout	Y
NGGT and NGGD	Para 3(a)	The DAG is not incorporated into the licence by licence	Disagree – the issuing of the DAG will be via licence	N

		<p>modification, but rather its obligations are imposed on the licensee by the wording of paragraph 3(a) that “the licensee must ... comply with the provisions of the Data Assurance Guidance (the DAG)” ... the scope and contents of which are set out in Part C of this condition, as if it were a condition of this licence.” As such, the words “being a document that will be incorporated into this licence condition by way of licence modification” should be deleted s they are inaccurate and misleading.</p> <p>We suggest deletion of the following words from paragraph 3(a) “being a document that will be incorporated into this licence condition by way of licence modification”.</p>	modification to allow licensees the opportunity to appeal on merits on the introduction of the DAG. This was to address the concern from the licensees that they did not have sight of the DAG when accepting this condition.	
NGGT and NGGD	Para 12	<p>“Potential errors” are only referred to once and therefore, grammatically, should not take the definite article (which implies that they have previously been referred to or defined).</p> <p>We suggest deletion of “the” before “potential errors” and replace with “any”</p>	We accept the concern but have changed condition by replacing “the potential errors” with “data reporting errors” to address the issue raised and also to read in line with our intention.	Y
NGGT and NGGD	Part D	<p>Part D needs to refer to issue or modification of the DAG consistently (in line with the approach in paragraph 15 (a)(ii).</p> <p>We suggest insertion of “issued or” before “modified” in paragraph 14 and “issue or” before “modify” in the first part of paragraph 15(a).</p>	Paragraph D now only refers to modification of the DAG and not issuing of the DAG.	Y
NGGT and NGGD	Part F	Delete (“derogation”) as the term is not used – the paragraph refers to “the direction”.	Disagree– this paragraph defines “derogation”.	N
Standard Special Condition D10: Quality of Service Standards				
NGGD	Throughout	<p>The following terms should be used in lower case throughout the revised condition as they are defined in lower case in Standard Special Condition A3 (Definitions and Interpretation)</p> <p>Licensee;</p>	Changed to lower case	Y

		<p>Gas.</p> <p>N.B. The terms defined in paragraph 11 for use in this condition are also all defined in lower case.</p> <p>Suggestion: Use lower case for these defined terms each time they appear to avoid confusion and to ensure consistency with Standard Special Condition A3.</p>		
Standard Special Condition D18: Provision of Metering and Meter Reading Services				
NGGD	Paragraphs 1, 4(a).	<p>Need to update cross-references.</p> <p>Suggestion: Replace references to Standard Special Condition A10 with references to Standard Special Condition D17 as the condition referred to is being moved from Part A to Part D and re-numbered.</p>	Agree - Cross reference updated	Y
Standard Special Condition D19: Non-discrimination in the Provision of Metering Activities				
NGGD	Paragraphs 2,	<p>Need to update cross-references.</p> <p>Suggestion: Replace references to Standard Special Condition A43 with references to Standard Special Condition D18 as the condition referred to is being moved from Part A to Part D and re-numbered</p>	Agree - Cross reference updated	Y
Standard Special Condition D20: Distributed Gas: Connections Guide and Information Strategy				
WWU	Definition of "Distributed Gas"	<p>D20 says it is defined in Special Condition 1B but we cannot find it.</p> <p>"has the meaning given to it in Special Condition 1B (Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions) and the expressions "Distributed Gas Connections Guide" and "Distributed Gas Information Strategy" are to be read in accordance with that meaning. "</p> <p>Distributed Energy Connections is loosely defined in 1A "means a facility which is connected to the network whose purpose is to inject gas onto the network, as may be further clarified in the RIGs;</p> <p>Not sure whether the term Distributed Energy</p>	<p>Agree</p> <p>Amended to read:</p> <p>means gas that is injected into the network by means of a connection to the distribution system of the licensee that is not an NTS exit point (within the meaning of the Uniform Network Code) and the expressions "distributed gas connections", and "Distributed Gas Connections Guide" and "Distributed Gas Information Strategy" are to be read in accordance with that meaning.</p>	Y

		<p>Connections is used in the licence</p> <p>Suggested definition from WWU: Distributed Gas means gas that is injected into the network by means of a connection to the distribution system of the licensee that is not an NTS exit point.”</p> <p>We need to ensure that the RIGs definitions are consistent with the licence where required.</p>		
NGGD	1(a)	<p>“Distribution Network” is not defined in Standard Special Condition A3 (Definitions and Interpretation).</p> <p>Suggestion: Either:</p> <p>(a) replace “Distribution Network” with “the pipeline system to which this licence relates” (as this is an expression which, in a condition in Part D can only refer to a distribution network); or</p> <p>insert, after the words “Distribution Network” the words “(as that term is defined in Special Condition 1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions))”.</p>	Definition of “distribution network” now inserted into SSC A3	Y
NGGD	4(b), 9	<p>“Formula Year” is a defined term in lower case in Standard Special Condition A3 (Definitions and Interpretation) and should be used in lower case in this condition as the defined terms in A3 govern this condition.</p> <p>Suggestion: Use in lower case</p>	Changed to lower case	Y
NGGD	Part F (title)	<p>“Guide” and “Strategy” are not defined terms</p> <p>Suggestion: Insert “Distributed Gas Connections” before “Guide” and “Distributed Gas Information” before “Strategy” for consistency.</p>	Disagree – see inserted definition of “distribution network” in SSC A3	N

NGGD	16 (with potential impact throughout condition)	<p>Paragraph 16 contains a definition of “Distributed Gas” which refers to Special Condition 1B (Restriction of revenue in respect of the Distribution Network Transportation Activity: Definitions).</p> <p>Firstly, the cross reference should be to Special Condition 1A.</p> <p>Secondly, no such defined term appears in Special Condition 1A, albeit that a definition of the term “Distributed Energy Connection” does appear in that condition. The defined terms need to be made consistent.</p> <p>Suggestion: Correct cross reference to a reference to Special Condition 1A.</p> <p>Change defined term in Special Condition 1A to “Distributed Gas Connection” This change needs then to be followed through where the defined term is used in the definition of “Connection Charging Boundary Change Costs” in Special Condition 1A which is the only place where the definition is used.</p>	see inserted definition of “distribution network” in SSC A3	N
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Schedule 4 – Reasons and effect of modifications to the Standard Special Conditions in Part A and Part D of the gas transporter licence

Standard Special Condition	Reasons for modification	Effect of modification
PART A		
A3: Definitions and Interpretation	Consequential changes are required as a result of licence changes and to update out of date references to licence conditions and legislation.	Up to date and accurate references to definitions.
A8: Emergency Services and the Enquiry Service	Under this condition the licensee is required to provide the emergency service line without charge at the point of use. This provision came into effect before the widespread use of mobile phones and consequently while customers calling the emergency service from a land line are not charged for the call, those that use mobile phones can be charged by their mobile service provider. This creates a potential non-compliance that the licensee cannot control, as charges from mobile operators to their customers are beyond licensees direct influence.	Addresses the potential non-compliance issue in relation to non-zero rated calls from mobile phones.
A29: Change of Financial Year	The revised condition SSC A30: Regulatory Accounts will include provisions with respect to change of financial year, thereby making this condition obsolete. We are therefore amending this condition by substituting the title and entire current text with the words “Not Used”.	Removes provisions that will be addressed elsewhere in the licence and avoid unnecessary duplication.
A30: Regulatory Accounts	Changes are needed in a number of areas in this condition to ensure that it remains up to date and correctly refers to the latest relevant regulations and requirements.	Provides greater clarity and ensures that the condition remains up to date and correctly refers to the relevant regulations and requirements.
A32: Definition of Permitted Purpose	This condition provides a definition of “Permitted Purpose”. We consider it to be more appropriate for this definition to reside alongside all the other definitions that are set out in SSC A3: Definitions and Interpretation. We are therefore retaining the	Moves definition of “Permitted Purpose” to more appropriate and dedicated definitions condition and delete SSC A32.

Standard Special Condition	Reasons for modification	Effect of modification
	current definition of “Permitted Purpose” as set out in this condition but to move the definition across to SSC A3: Definitions and Interpretation where it is better placed. This will render SSC A32 obsolete.	
A35: Prohibition of Cross-Subsidies	Provisions in paragraph 4 and 5 of this condition are now addressed in SSC A30: Regulatory Accounts Therefore, we are removing paragraph 4 and 5 of this condition.	Removes provisions that will be addressed elsewhere in the licence and avoid unnecessary duplication.
A36: Restriction on Activity and Financial Ring Fencing	A consequential change to this condition is required in light of the changes to SSC A30: Regulatory Accounts and the removal of SSC A32 above.	Removes obsolete references to paragraph 3(b) of SSC A30 and to ensure correct cross references to the definition of “Permitted Purpose” in the new SSC A3.
A40: Price Control Review Information (Name to be changed to ‘Regulatory Instruction and Guidance’)	The purpose of replacing the current provisions of this condition in total with the proposed new provisions is to consolidate the governance and instructions for the reporting of regulatory information into a single licence condition.	Removes the need for other reporting related provisions within other conditions in the licence. Provides clarity and, where possible, provide consistency in the reporting of regulatory information. Having a single licence condition has not altered the broad types of information that the energy network companies will need to provide.
A55: Data Assurance	The purpose of this new licence condition is to require licensees to undertake data assurance processes and activities to reduce the risk, and subsequent impact and consequences, of any inaccurate reporting, incomplete reporting or misreporting of data to the Authority.	Creates, and provides governance for, the Data Assurance Guidance (DAG) to be incorporated into the licence by way of licence modification in 1 April 2015. Until the new Data Assurance licence condition is switched on, the data assurance requirements will remain as they are set out under the individual licence conditions.
A10: Provision and	The metering related conditions are being moved from Part A of the	Disapplies the metering provisions within these

Standard Special Condition	Reasons for modification	Effect of modification
Return of Meters	standard specials to Part D of the standard specials. The reason for this move is to relieve NGGT of irrelevant obligations.	conditions to NGGT, but retains their application to the GDNs in part D of the standard specials.
A43: Provision of Metering and Meter Reading Services		
A46: Non-discrimination in the provision of metering activities		
Part D		
D9: Distribution Network Transportation Activity Incentive Scheme and Performance Reporting	We are removing this condition as reporting requirements to be set out within the Regulatory Instructions and Guidance that is implemented through the provisions of new SSC A40: Regulatory Instructions and Guidance licence condition.	Removes the need for reporting related provisions within this licence condition, which will be covered through the new SSC A40 licence condition.
D10 Quality of service standards	From 2013, each GDN will provide its own general enquiry line and withdraw from the national enquiry line service currently provided by NGGD.	Removes the licence obligation on the GDNs to respond to 90 per cent of the telephone calls to the dedicated enquiry line in 30 seconds.
D11. Charging obligations	As a result of our decision on how to mitigate network charging volatility, we are changing this condition. For details see page 20: ‘Decision on measures to mitigate network charging volatility arising from the price control settlement’. http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=404&refer=Networks/Policy	Limits the ability of the licensee to change use of system charges on a date other than 1 April each year. It also provides for the Authority to direct or consent to changes on a date other than 1 April when it considers it will be in the best interests of consumers.
D17: Provision and Return of Meters	Formally SSC A10 - moved to Part D - To relieve NGGT of irrelevant obligations and move such obligations to a more appropriate part of the gas transporter licence as the condition is applicable to GDNs only.	Disapplies the metering provisions within these conditions to NGGT, but retains their application to the GDNs.
D18: Provision of	Formally SSC A43 - moved to Part D - To relieve NGGT of irrelevant	

Standard Special Condition	Reasons for modification	Effect of modification
Metering and Meter Reading Services	obligations and move such obligations to a more appropriate part of the gas transporter licence as the condition is applicable to GDNs only.	
D19: Non-discrimination in the provision of metering activities	Formally SSC A46 - moved to Part D - To relieve NGGT of irrelevant obligations and move such obligations to a more appropriate part of the gas transporter licence as the condition is applicable to GDNs only.	
D20 Distributed Gas: Connection Guide and Information Strategy	The purpose of the new condition is to introduce requirement for the licensee to provide common, simple, accessible and reliable information to meet the needs of all Distributed Gas customers wanting to connect to the network.	<p>Ensures that the licensee:</p> <ul style="list-style-type: none"> • Makes information available to the public that will assist any person who might wish to enter into arrangements with the licensee relating to the connection of a Distributed Gas plant to the distribution network. • Implements a Distributed Gas Information Strategy in respect of information related to Distributed Gas connections.

Schedule 5 – List of relevant licence holders

National Grid Gas Plc	1-3 Strand, London, WC2N 5EH, Great Britain
Northern Gas Networks Limited	1100 Century Way, Thorpe Park Business Park, Colton, Leeds, LS15 8TU, Great Britain
Scotland Gas Networks Plc	Axis House, 5 Lonehead Drive, Newbridge, Edinburgh, EH28 8TG, Great Britain
Southern Gas Networks Plc	St Lawrence House, Station Approach, Horley, Surrey, RH6 9HJ, Great Britain
Wales & West Utilities Limited	Wales and West House, Spooner Close, Coedkernew, Newport, South Wales, NP10 8FZ, Great Britain