

**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  
Southern Gas Networks plc  
Scotland Gas Networks plc  
Wales and West Utilities Limited**

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

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

1. The Authority proposes to modify the gas transporter licences granted or treated as granted under section 7 of the Act to each of the above gas transporters by amending the following Standard Special Condition in Part A of the gas transporter licence:
  - Standard Special Condition A11: Network Code and Uniform Network Code.in the manner set out in Schedule 1 to this Notice.
2. In summary, the reason why the Authority proposes to make these licence modifications is to give effect to Code Governance Review phase 2, Final Proposals.
3. Specific details on the reasons and effect of the proposed modifications to the Standard Special Conditions of the gas transporter licence can be found in Schedule 2 of this notice.
4. The effect of the proposed modifications is to implement the Code Governance Review phase 2, Final Proposals into the governance procedures of the Uniform Network Code.
5. Further details on the reasons and effect of these proposed changes are set out in the following documents:
  - a. [Code Governance Review phase 2 consultation](#);
  - b. [Code Governance Review phase 2 - illustrative licence drafting](#); and
  - c. [Code Governance Review \(Phase 2\) final proposals](#).
6. Relevant licence holders for the purposes of the modifications referred to in paragraph 1 are all holders of a gas transporter licence at the relevant time with Part A of the gas transporter licence in effect in their licence.
7. Copies of the proposed modifications and other documents referred to in this notice are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
8. Any representations on the proposed licence modifications may be made on or before 26 April 2013 to: Lisa Charlesworth, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [licensing@ofgem.gov.uk](mailto:licensing@ofgem.gov.uk).
9. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication. Ofgem prefers to receive

responses in an electronic form so they can be placed easily on the Ofgem website.

10. If the Authority decides to make the proposed modification it will take effect not less than 56 days after the decision is published.

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**Hannah Nixon**  
**Senior Partner, Smarter Grids and Governance (Distribution)**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**27 March 2013**

**Schedule 1 – Proposed modifications to the standard special conditions in Part A of the gas transporter licence**

## Standard Special Condition A11: Network Code and Uniform Network Code

*[Insert or amend the following text as indicated:]*

### *Network Code Modification Procedures*

9.

- (da) proper evaluation of the suitability of the significant code review, ~~or~~ self-governance route or fast track self-governance route for a particular modification proposal;
- (db) the implementation of modification proposals without the Authority's approval in accordance with paragraph 15G (the "fast track self-governance route");
- (e) except in respect of proposals falling within the scope of paragraph 15D and paragraph 15G, the seeking of the views of the Authority on any matter connected with any such proposal;

...

### *Modification of Network Code and Uniform Network Code*

13. The licensee shall not make any modification to the network code prepared by or on behalf of the licensee (excluding the terms of the uniform network code incorporated within it) or make or permit any modification to the uniform network code except:
- (a) to comply with paragraphs 15(b) or 16;
  - (b) with the written consent of the Authority; ~~or~~
  - (c) in accordance with paragraph 15D (the "self-governance route") and 15F; or
  - (d) in accordance with paragraph 15G ("the fast track self-governance route")
- and shall furnish or cause to be furnished to the Authority a copy of any such modification made.

...

15. Where a proposal is made in accordance with the network code modification procedures to modify the network code prepared by or on behalf of the licensee, (excluding the terms of the uniform network code incorporated within it) or the uniform network code (except in the case of a modification falling within the scope of paragraph 15G) the licensee shall unless, in the case of a proposal falling within the scope of paragraph 15D, otherwise directed by the Authority:

...

- 15G. The procedures for the modification of the network code shall provide that modifications shall only be implemented without the Authority's approval pursuant to this paragraph 15G where:
- (a) in the unanimous view of the panel, the proposed modification meets all of the fast track self-governance criteria;
  - (b) the panel unanimously determines that the modification should be made;

- (c) parties to the uniform network code and the Authority have been notified of the proposed modification;
- (d) none of the persons named in sub-paragraph (c) have objected to the proposed modification being made via the fast-track self-governance route in the fifteen (15) working days immediately following the day on which notification was sent; and
- (e) notification under sub-paragraph (c) contains details of the modification proposed, that it is proposed to be made via the fast track self-governance route, how to object to the modification being made via the fast track self-governance route, the proposed legal drafting and the proposed implementation date.

...

23A. Without prejudice to any rights of approval, veto or direction the Authority may have, the licensee shall use its best endeavours to ensure that procedures are in place that facilitate its compliance with the requirements of this condition, and shall create or modify industry documents including, but not limited to, the uniform network code and industry codes where necessary no later than 31 December 2010<sup>3</sup>.

24. (a) In this condition:

*[Insert the following text after 'directions':]*

**"fast track self-governance criteria"**

means a proposal that, if implemented,

(a) would meet the self-governance criteria;  
and

(b) is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:

(i) updating names or addresses listed in the uniform network code;

(ii) correcting minor typographical errors;

(iii) correcting formatting and consistency errors, such as paragraph numbering; or

(iv) updating out of date references to other documents or paragraphs

**Schedule 2 – Reasons and effect of proposed modifications to the standard special conditions in Part A of the gas transporter licence.**

<b>Standard Special Condition</b>	<b>Reasons for proposed modification</b>	<b>Effect of proposed modification</b>
A11: Network Code and Uniform Network Code	<p>To implement the Code Governance Review phase 2, Final Proposals:</p> <ul style="list-style-type: none"> <li>• To enable a 'fast track' self governance process.</li> </ul>	<ul style="list-style-type: none"> <li>• Extends the scope of existing self-governance provisions to enable a more efficient process for 'housekeeping' modifications.</li> </ul>