

To: National Grid Gas plc (with respect to its transmission business)
National Grid Gas plc (with respect to its gas distribution networks)

(Company Number: 02006000)

Northern Gas Networks Limited

(Company Number: 05167070)

Scotland Gas Networks plc

(Company Number: SC264065)

Southern Gas Networks plc

(Company Number: 05167021)

Wales and West Utilities Limited

(Company Number: 05046791)

("the licensees")

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 (each "the licence") held by the licensees granted or treated as granted under section 7 of the Act by:
 - (a) amending the following Standard Special Conditions in Part A of the gas transporter licence:
 - A3 (Definitions and Interpretation);
 - A30 (Regulatory Accounts);
 - A33 (Restriction on Use of Certain Information and Independence of the Transportation Business);
 - A35 (Prohibition of Cross-Subsidies);
 - A36 (Restriction on Activity and Financial Ring Fencing);
 - A37 (Availability of Resources);
 - A40 (Regulatory Instructions and Guidance);and
 - A55 (Data Assurance requirements),in the manner set out in Schedule 1 to this Notice.
 - (b) amending the following Standard Special Conditions in Part D of the gas transporter licence
 - D3 (Long Term Development Statement);
 - D10 (Quality of service standards);
 - D11 (Charging obligations);
 - D16 (Reporting on Performance);
 - D18 (Provision of Metering and Meter Reading Services);
 - D19 (Non-discrimination in the provision of metering activities);and
 - D20 (Distributed Gas: Connections Guide and Information Strategy),

in the manner set out in Schedule 2 to this Notice.

2. Relevant licence holders for the purposes of the modifications referred to in paragraph 1(a) are all holders of a gas transporter licence at the relevant time with Part A of the gas transporter licence in effect in their licences.
3. Relevant licence holders for the purposes of the modifications referred to in paragraph 1(b) are all holders of a gas transporter licence at the relevant time with Part D of the gas transporter licence in effect in their licences.
4. The Authority's reasons for proposing the modifications to the Standard Special Conditions referred to in paragraph 1 are to make sure that cross referencing reflects the current licence structure, to correctly apply lower case lettering to defined terms and to correct for other typographical errors.
5. The effect of the proposed modifications to the Standard Special Conditions is to provide clearer and more accurate licence conditions that better reflect the Authority's decision to implement the RIIO-GD1 and RIIO-T1 price controls.
6. A copy of the proposed modifications and other documents referred to in this Notice are available on the Ofgem website (www.ofgem.gov.uk).
7. Any representations on the proposed licence modifications may be made on or before 30 August 2013 to: Joanna Campbell, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to joanna.campbell@ofgem.gov.uk.
8. 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.
9. If the Authority decides to proceed with the making of the proposed modifications they will take effect not less than 56 days after the decision is published.

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Paul Branston
Associate Partner, Costs and Outputs
Duly authorised on behalf of the
Gas and Electricity Markets Authority

24 July 2013

Schedule 1 – Proposed modifications to Part A of the Standard Special Conditions of the gas transporter licence

Paragraph reference	Proposed modification
A3, para. 1	Insert "A" before "50" in the definition of "last resort supplier".
A3, para. 1	Remove "Standard Special Condition A29 (Change of Financial Year)," in definition of "licensee".
A3, para. 1	Replace the reference to "C1A" with the reference "1C" in the definition of "supply of transportation services".
A3, para. 1	Insert "applicable to the licensee (NTS)" after the reference to "Special Condition 1C (NTS definition of supply of transportation services)" in the definition of "supply of transportation services".
A3, para. 1	Insert "applicable to the licensee (DN)" after the reference to "Special Condition 4D (Restriction of prices in respect of tariff capped metering activities)" in the definition of "tariff capped metering activities".
A3, para. 1	Insert "applicable to the licensee (NTS)" after the reference to "special condition 7A (Long Term Development Statement)" in the definition of "transportation arrangements".
A3, para. 1	Insert "applicable to the licensee (NTS)" after the reference to "Special Condition 11B (Allocation of revenues and costs for calculations under the price control in respect of the NTS transportation owner activity and NTS system operation activity)", and insertion of "applicable to the licensee (DN)" after the reference to "Special Condition 4B (Allocation of revenues and costs for calculations under the price control in respect of the Distribution Network)", in the definition of "transportation arrangements".
A30, para. 1	Replace upper case letters in "Regulatory Accounts" and "Financial Years" with lower case.
A30, para. 2(a)	Insert "or the NTS (where applicable)," after "distribution network,".
A30, para. 2(b)	Remove the closing bracket at end of sub-paragraph.
A30, para. 2(f)	Replace upper case letters in "Relevant Associate" with lower case.
A30, para. 11(a)	Replace upper case letter in "Subsidiary" with lower case.
A30, para. 16	Replace upper case letters in "Regulatory Accounts" and "Affiliates" with lower case.
A30, title of Part F	Replace upper case letters in "Regulatory Accounts" with lower case.
A30, para. 22	Replace upper case letters in "Upon Procedures" with lower case.
A30, para. 24(b)	Replace upper case letters in "Financial Year" with lower case.
A30, para. 24(c)	Replace upper case letters in "Affiliate" with lower case.
A30, para. 29(a)	Replace upper case letter in "Metering" with lower case.
A30, para. 32	Insert a space between paragraph number and text of paragraph.

A33, para. 1	Replace reference to "A10" with "D17" in definition of "meter-related services business".
A33, para. 2(a)	Replace reference to "A10" with "D17".
A35, para. 3	Replace upper case letters in "Distribution Network" with lower case.
A36, para. 1A(b)	Replace "a transmission system operator" with "the NTS operator".
A36, para. 2	Correct typographical error in "Iinvestment" by removing additional "I" at start of word.
A36, para. 2(a)	Correct typographical error in "perrmitted" by removing additional "r".
A36, para. 2(b)	Correct typographical error in "icensee" by inserting an "l" at start of word.
A36, para. 4(c)	Correct typographical error in "nvestment" by inserting an "i" at start of word.
A37, para. 3(b)	Replace upper case letters in "Regulatory Accounts" with lower case.
A40, para. 4(a)	Replace upper case letter in "Information" with lower case.
A40, para. 13	Replace upper case letters in "Formula Year" with lower case.
A40, para. 16	Replace upper case letters in "Operator" and "Distribution Network" with lower case.
A40, para. 18	Replace upper case letters in "Operator" with lower case, remove "O" in "DNO" on first line, and remove ";" on line 6 of the definition of "final proposals".
A55, para. 3(b)	Replace upper case letter in "Data" with lower case.
A55, para. 15(a)(i)	Remove "issued or ".

Schedule 2 – Proposed modifications to Part D of the Standard Special Conditions of the gas transporter licence

Paragraph reference	Proposed modification
D3, para. 1	Replace reference to "E1 (Revenue Restriction Definitions in respect of the Distribution Network)" with "1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)".
D10, para. 12	Replace reference to "E1 (Revenue Restriction Definitions in respect of the Distribution Network)" with "1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)".
D11, para. 1(a)	Replace reference to "E1 (Revenue Restriction Definitions in respect of the Distribution Network)" with "1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)".
D11, para. 2(a)	Replace reference to "E1 (Revenue Restriction Definitions in respect of the Distribution Network)" with "1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)".
D16, para. 4	Replace reference to "E1 (Revenue Restriction Definitions in respect of the Distribution Network)" with "1A (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)".
D18, para. 1(a)	Replace reference to "A10" with reference "D17".
D19, para. 3	Replace reference to "A43" with reference "D18".
D20, para. 9	Replace upper case letters in "Formula Year" with lower case.
D20, para. 11	Replace upper case letter in "Notice" with lower case.
D20, para. 16	Replace "system" (on line two) with "network" in definition of "distributed gas".