

**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**

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

**MODIFICATION OF THE STANDARD SPECIAL CONDITIONS OF GAS TRANSPORTERS  
LICENCES GRANTED UNDER SECTION 7 OF THE GAS ACT 1986**

Whereas –

1. Each of the companies to whom this document is addressed (a “Licence Holder”) is the holder of a gas transporter licence (“the Licence”) granted or treated as granted under section 7 of the Gas Act 1986 (“the Act”).
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority (“the Authority”) gave notice on 29 July 2013 (“the Notice”) that it proposed to make modifications to Standard Special Condition A11: Network Code and Uniform Network Code of the Licence and by requiring any representations to the modifications to be made on or before 28 August 2013.
3. Prior to the close of the consultation period in respect of the Notice, the Authority received eight responses, of which one response relates to the modifications referred to above. All non-confidential responses have been placed on the Ofgem website.
4. 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 on 29 July 2013 and has not received a direction not to make the modifications.
5. The Authority has carefully considered all responses received in relation to the proposed modifications.
6. In accordance with section 38A of the Act the Authority gives the following reasons for making the licence modifications:
  - To clarify when the Authority’s consent would be required before a licensee can withdraw a code modification proposal that it has raised, and
  - To correct a minor typographical error.
7. The effect of the modifications will be to:
  - prevent a licensee from withdrawing code modification proposals (which the Authority reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators) without the Authority’s prior consent, and
  - correct a minor typographical error.
8. In addition to the modifications specified in the Notice, the Authority considers it necessary to make one minor alteration to the modifications set out in the Notice. This alteration is highlighted in red in the attached Schedule 1. The reason for any differences between the modifications set out in the Notice and the modifications set out in Schedule 1 is to correct a minor typographical error.

9. Specific details on the reasons and effect of the modifications can be found in the attached Schedule 2.

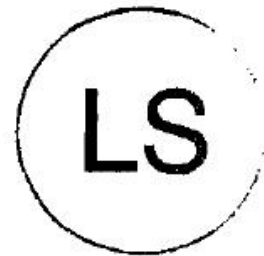
10. Where an application for permission to appeal the Authority's decision is made to the Competition Commission under section 23B of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules requires the appellant to send a notice setting out the matters required in Rule 5.2. The attached Schedule 3 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)(a) of the Act, the Authority hereby modifies the gas transporters licences in the manner specified in the attached Schedule 1. This decision will take effect on and from 17 December 2013.

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



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**Lesley Nugent**  
**Head of Industry Codes and Licensing**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**22 October 2013**

## **Schedule 1 - Modifications to standard special condition A11 in Part A of the gas transporters licence**

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

#### Paragraph 9

(i) modification proposals made by the Authority or the licensee in accordance with paragraphs 9(j), 10(a)(~~i~~ or ~~v~~), 10(ab) and 11(a) which the Authority reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators):

- (i) to be accepted into the network code modification procedures by the panel;
- (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent;

to proceed in accordance with any timetable(s) directed by the Authority in accordance with paragraph 9(j);

## **Schedule 2 – reasons for and effect of the proposed modifications to Standard Special Condition A11 of the gas transporters licence**

<b>Proposed modifications</b>	<b>Reason for and effect of the proposed modifications</b>
<p>Modifications proposed to Standard Special Condition A11(9) (Network Code and Uniform Network Code) to ensure that modification proposals raised by the licensee that the Authority reasonably considers are necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators cannot be withdrawn without the Authority's consent.</p>	<p>To clarify when the Authority's consent would be required before a licensee can withdraw a code modification proposal that it has raised.</p> <p>The modification will prevent a licensee from withdrawing a modification that it has raised, whether or not as a result of the Authority's direction, without the Authority's consent where the Authority, in its view, reasonably considers that that the code modification is necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators.</p>
<p>The correction of a minor typographical error in Standard Special Condition A11(9)(i) (Network Code and Uniform Network Code) by removing a bracket after the words "and/or the Agency for the Co-operation of Energy Regulators".</p>	<p>To correct a minor typographical error.</p>

### **Schedule 3 – Relevant licence holders**

<b>Licensee</b>	<b>Company registration number</b>
National Grid Gas Plc	02006000
Northern Gas Networks Limited	05167070
Scotland Gas Networks Plc	SC264065
Southern Gas Networks Plc	05167021
Wales & West Utilities Limited	05046791