

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

**MODIFICATION OF THE GAS TRANSPORTER LICENCES HELD BY:**

**Energetics Gas Limited (SC303150)**  
**ES Pipelines Limited (03822878)**  
**ESP Connections Limited (03234745)**  
**ESP Networks Limited (02865198)**  
**ESP Pipelines Limited (03405272)**  
**Fulcrum Pipelines Limited (06006362)**  
**GTC Pipelines Limited (03104203)**  
**Independent Pipelines Limited (02828692)**  
**Quadrant Pipelines Limited (02528816)**  
**SSE Pipelines Limited (02742721)**

**("the Independent Gas Transporters")**

Whereas –

1. The Independent Gas Transporters ("the Licence Holders") are the holders 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 31 January 2014 ("the Notice") that it proposed to make modifications to Special Condition 1 of the Licence and by requiring any representations to the modification to be made on or before 28 February 2014.
3. 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.
4. In accordance with section 23(4)(b) of the Act, the Authority gave notice that it proposed to make the modifications to the Secretary of State on 31 January 2014 and has not received a direction not to make the modification.
5. The Authority has carefully considered all responses received in relation to the proposed modification.
6. In accordance with section 38A of the Act the Authority considers that making the licence modifications improves Special Condition 1 by removing ambiguity and improving overall clarity ensuring the Independent Gas Transporters' Relative Price Control (RPC) continues to operate as originally intended. It should be noted that these modifications do not represent substantial changes to the licence that fundamentally alter the RPC.
7. The effect of the modification is to make the following changes to Special Condition 1:
  - Paragraph 2 (1) – a change to the charging formula to address the issue of IGT charges inaccurately tracking GDN charges between the RPC cap and floor;
  - Paragraph 2 (2) - clarifying the annual update of charges for properties that enter the RPC in October-December of each year;
  - Paragraph 2 (6) – changes to the definitions to reflect the new term in the new charging formula; and

- Paragraph 5 - clarifying the drafting of conditions relating to the infill surcharge.

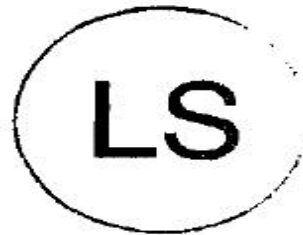
8. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority under section 23B of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules<sup>[1]</sup> requires that the appellant must send to any relevant 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 2 provides a list of the relevant licence holders in relation to this modification. 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 Transporter licence of the Independent Gas Transporters in the manner specified in the attached Schedule 1. This decision will take effect on 4 July 2014.

This document constitutes notice of the reasons for the decision to modify the Gas Transporter licences held by the Independent Gas Transporters 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**



.....  
**Andy Burgess**  
**Associate Partner, Transmission and Distribution Policy**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**8 May 2014**

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<sup>[1]</sup> This guidance was published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).