

To: National Grid Gas Plc who is a relevant licence holder for the purposes of section 23(10) of the Gas Act 1986.

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

**MODIFICATIONS OF THE SPECIAL CONDITIONS OF THE GAS TRANSPORTER
LICENCE HELD BY NATIONAL GRID GAS PLC**

Whereas –

1. National Grid Gas Plc holds 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 27 October 2014 (“the Notice”) that it proposed to modify special conditions 1A, 2A, 5F, 5G and 11C of the Licence and by requiring any representations with respect to the proposed modifications to be made on or before 24 November 2014.
3. In accordance with section 23(4)(b)(ii) of the Act, the Authority gave notice to the Secretary of State that it proposed to make the modifications on 27 October 2014 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 in relation to the proposed modifications. All non-confidential responses have been placed on the Ofgem website. A summary of these and our responses to the points raised are set out in the accompanying letter.
5. National Grid Gas Plc made representations which suggested some minor changes to the proposed licence text published with the Notice. The Authority considers that these changes should be made to correct minor errors in the proposed text of the modification.
6. The changes have been described in the accompanying letter and highlighted in yellow in the attached Schedule 1 to this modification.
7. The Authority has carefully considered the representations made and, subject to the minor changes set out in Schedule 1, has decided to proceed with all the modifications proposed in the Notice.
8. In accordance with section 38A of the Act, the reasons for making the licence modifications are to implement Planning and Advanced Reservation of Capacity Agreements. Further details of reasons for the licence modifications are stated in the following documents:
 - a consultation paper of 6 August 2014 ‘Consultation on changes needed to implement new arrangements for incremental gas transmission capacity (PARCAs)’; and
 - a letter published with the Notice, ‘Proposed licence modification Transporter Licence to implement Planning and Advanced Reservation of Capacity Agreements (PARCAs)’.
9. The effects of the modifications are described in the documents referred to in paragraph 8 of this modification.
10. 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 Market Authority's Energy Licence Modification Appeals Rules¹ 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 National Grid Gas Plc in the manner specified in attached Schedule 1. This decision will take effect on and from 31 January 2015.

This document constitutes notice of the reasons for the decision to modify the gas transporter licence held by National Grid Gas Plc 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

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**Associate Partner, Transmission and Distribution Policy.
Duly authorised on behalf of the Gas and Electricity Markets Authority
5 December 2014**

¹ The rules were 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).

Schedule 1 – Licence drafting

Schedule 2 – Relevant Licence Holders²

National Grid Gas plc

² Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-gas-licensees-registered-addresses>