

**To: 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 held by the licensees granted or treated as granted under section 7 of the Act by amending Special Condition 1A.4 (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions).
2. The reason why the Authority proposes to make this licence modification is that it considers the modification to be the most appropriate way to facilitate the implementation of certain aspects of the legally binding EU Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems<sup>1</sup> (CAM) and the EU Network Code on Balancing of Gas Transmission Networks<sup>2</sup> (BAL). More information on the reason and effects of the proposed licence modification is set out in our covering letter to this Notice<sup>3</sup> and in our open letter consultation dated 28 July 2014.<sup>4</sup>
3. The effect of the proposed modification to Special Condition 1A.4 (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions) is to amend the definition of "Formula Year" to change the start time stated in the definition from 6am on 1 April to 5am on 1 April starting from 1 April 2016. This change will align the definition with the times of the "gas day" as defined in the above EU Network Codes.
4. The proposed changes to Special Condition 1A.4 are marked up in Annex 1 to this Notice, which forms part of this Notice. Copies of the proposed modification and other documents referred to in this Notice have been published alongside this Notice and are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).

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<sup>1</sup> Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:273:0005:0017:EN:PDF>.

<sup>2</sup> Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0312&rid=1>.

<sup>3</sup> "Statutory consultation on proposed licence modifications to ensure Great Britain's ("GB's") compliance with the European Union legislative definition of gas day" (14 April 2015) available on our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/consultation-modification-legislation-and-licences-comply-eu-legislative-definition-gas-day>.

5. Any representations with respect to the proposed licence modification must be made to the Authority on or before 15 May 2015. They should be sent to: Victoria Volossov, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or emailed to [gasday@ofgem.gov.uk](mailto:gasday@ofgem.gov.uk).
6. 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.
7. If the Authority decides to make the proposed modification it will take effect not less than 56 days after the decision is published, or on 1 October 2015, whichever is later.

**Frances Warburton**  
**Partner, Wholesale Markets**  
**Duly authorised on behalf of the Gas and Electricity Markets Authority**

**14 April 2015**

**Annex 1: Proposed changes to the Special Conditions of the gas transporter licence**

**Special Condition 1A.4 (Restriction of revenue in respect of the Distribution Network Transportation Activity: definitions)**

Formula Year means a period of twelve months commencing on 1 April. ~~at 06:00 hours;~~ The first such Formula Year (t=1)—commencing on 1 April 2013 at 06:00 hours; from 1 April 2016, Formula Years will commence at 05:00 hours;