

To: National Grid Gas Plc

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

**MODIFICATION 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 4 March 2015 (“the Notice”) that it proposed to modify special conditions 1A, 2D, 5F and 5G of the Licence and by requiring any representations with respect to the proposed modifications to be made on or before 1 April 2015.
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 4 March 2015 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 one response. This non-confidential response has been placed on the Ofgem website. A summary of this and our response 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 make the proposed text of the modification clearer to readers.
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 in relation to the proposed modification.
8. In accordance with section 38A of the Act, the reasons for making the licence modifications are to terminate the Permit Arrangements which National Grid Gas plc uses to vary lead times for the provision of incremental gas transmission capacity and amend the revenue earned from them for the period 1 April 2013 - 31 March 2015. Further details of reasons for the licence modifications are stated in the following documents:
 - a consultation paper of 10 November 2015 ‘[Gas transmission capacity - proposal to terminate Permit Arrangements and adjust the revenue earned from Permit Arrangements for the period 1 April 2013 – 31 March 2015](#)’; and
 - a letter published with this Notice, ‘[Modification of Special Licence Conditions 1A, 2D, 5F and 5G of National Grid Gas \(NTS\)’s gas transporter’s Licence](#)’.
9. The effects of the modifications are described in the documents referred to in paragraph 8.
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

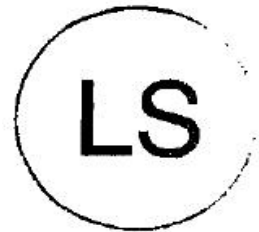
Competition and Market Authority's Energy Licence Modification Appeals Rules¹ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. National Grid Gas Plc is the relevant licence holder in relation to this modification.² 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 29 June 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



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Paul Branston
Associate Partner, Gas Networks
Duly authorised on behalf of the Gas and Electricity Markets Authority
30 April 2015

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).

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