

To:
National Grid Gas plc (NTS)

Gas Act 1986
Section 23(1)(a)

**MODIFICATION OF THE GAS TRANSPORTER LICENCE HELD BY NATIONAL GRID
GAS PLC (NTS)**

Whereas –

1. National Grid Gas plc (NTS) (the 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 14 April 2015 (the Notice) that it proposed to modify Special Condition 1A.4 (Definitions) and Special Condition 3D.32 (The daily linepack performance measure) of the Licence and required any representations in respect of the modifications to be made on or before 4 June 2015.
3. 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 14 April 2015. The Authority has not received a direction to not make the modifications.
4. 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. Our response to these comments is set out in the letter¹ accompanying this Notice.
5. The Authority has carefully considered all responses received in relation to the proposed modifications.
6. The Authority gives the following reasons for making the licence modifications: that it considers the modifications to be the most appropriate way to facilitate the implementation of certain aspects of the EU Network Code² on Capacity Allocation Mechanisms in Gas Transmission Systems³ (CAM) and the EU Network Code on Balancing of Gas Transmission Networks⁴ (BAL). More information on the reason and effects of the licence modifications is set out in our accompanying letter to this Notice, in our statutory consultation dated 14 April 2015⁵ and in our open letter consultation dated 28 July 2014.⁶
7. The effect of the modifications will be to: amend the definitions of Formula Month, Formula Year, Gas Year, Subscript d, Subscript m, Subscript n and Subscript t to

¹ 'Licence modifications to gas licences under Section 23 of the Gas Act 1986 to ensure Great Britain's (GB's) compliance with the European Union legislative definition of gas day' (12 June 2015) available at: www.ofgem.gov.uk

² The EU Network Codes are a number of legally binding EU Regulations made under the package of EU legislation on European gas and electricity markets that is referred to as the Third Package.

³ 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>.

⁴ 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>.

⁵ "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: <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-licence-modifications-ensure-gb-compliance-eu-legislative-definition-gas-day>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/consultation-modification-legislation-and-licences-comply-eu-legislative-definition-gas-day>.

the effect that, after 1 October 2015, the stated start and end times for gas day will be 5am, instead of 6am as reflected in the current definitions; and to amend the $OLP_{t,d}$ and $CLP_{t,d}$ to reflect the changes to the stated start and end times for gas day in the formula for calculating the daily linepack performance measure. These changes are to align the definitions with the times of the "gas day" as defined in the above EU Network Codes.

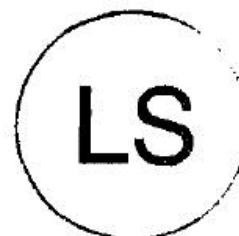
8. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority under section 23B of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules⁷ requires that the appellant must send to any relevant licence holders who are not parties 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 notice. 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 (NTS) in the manner specified in attached Schedule 1. This decision will take effect on and from 1 October 2015.

This document constitutes notice of the reasons for the decision to modify the gas transporter licence held by National Grid Gas plc (NTS) 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**



.....
Paul Branston

Associate Partner, Gas Networks

duly authorised on behalf of the Gas and Electricity Markets Authority

[12 June 2015]

⁷ 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). The Competition Commission rules have been adopted by the CMA Board.

Schedule 1 – Licence drafting Special Conditions of National Grid Gas plc's (NTS) gas transporter licence

Special Condition 1A.4 (Definitions)

Formula Month	means a period commencing at 056:00 in the first day of a calendar month and ending at 056:00 on the first day of the subsequent calendar month.
Formula Year	means a period of twelve months commencing on 1 April at 056:00 hours.7 The first such formula year (t=1) commenced on 1 April 2002 at 06:00 hours; from 1 April 2016, formula years will commence at 05:00 hours.
Gas Year	means a period of twelve months commencing on 1 October at 056:00 hours.
Subscript d	means the relevant Day. d=1 refers to the Day commencing at 06:00 on 1 April 2013; from 1 October 2015 Days will commence at 05:00.
Subscript m	means the relevant Formula Month. m=1 refers to the Formula Month commencing at 06:00 on 1 April 2013; from 1 October 2015 Formula Months will commence at 05:00.
Subscript n	means the day relevant for the purposes of determining the Licensee's Permit Arrangements. n=1 refers to the day commencing at 06:00 on 1st April 2013; from 1 October 2015 days will commence at 05:00.
Subscript t	subject to the definition for "Formula Year t" above, means the relevant Formula Year. t=1 refers to the Formula Year commencing at 06:00 on 1st April 2013; from 1 October 2015 Formula Years will commence at 05:00.

Special Condition 3D.32 (The daily linepack performance measure)

where:

$OLP_{t,d}$	means the total NTS linepack in respect of Day d of Formula Year t as at 056:00 hours on Day d.
$CLP_{t,d}$	means the total NTS linepack in respect of Day d of Formula Year t as at 056:00 hours on Day d+1.

Schedule 2 – Relevant Licence Holders⁸

National Grid Gas plc

⁸ Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-gas-licensees-registered-addresses>