

**To: National Grid Gas plc (with respect to its transmission business)
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")

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

MODIFICATION OF THE GAS TRANSPORTER LICENCE HELD BY THE LICENSEES

Whereas –

1. The licensees (the Licence Holders) are the holders of a gas transporter licence (the Licence) granted or treated as granted under section 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 Standard Special Condition A3(1) (Definitions and Interpretation) and Standard Special Condition A11(1B) (Network Code and Uniform Network Code) 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. The Authority's 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

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

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

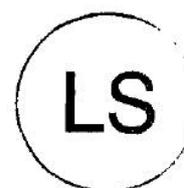
7. The effect of the modification to Standard Special Condition A3(1) (Definitions and Interpretation) will be to amend the definition of the term "formula year" to change the start time stated in the definition from 6am on 1 April to 5am on 1 April. The effect of the modification to Standard Special Condition A11(1B) (Network Code and Uniform Network Code) will be to amend the definition of "daily" to change the start of the period from 6am and ending immediately before 6am the following day to a period beginning at 5am and ending immediately before 5am the following day. These changes will 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 the licensees 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 the licensees 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]

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>.

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 Standard Special Conditions of the gas transporter licence

Standard Special Condition A3(1) (Definitions and Interpretation)

“formula year” means a period of twelve months commencing on 1 April at 06:00 hours;

Standard Special Condition A11(1B) (Network Code and Uniform Network Code)

For the purposes of paragraph 1A, “daily” means over a period beginning at 6am on one day and ending immediately before 6am on the following day and “year” means a period of 12 months beginning with 1 October;...

Schedule 2 – Relevant Licence Holders⁸

National Grid Gas plc

Northern Gas Networks Limited

Scotland Gas Networks plc

Southern Gas Networks plc

Wales and West Utilities Limited

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