



Making a positive difference
for energy consumers

Company Secretary
National Grid Gas plc
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Date: 12 April 2016

Dear Company Secretary

Consent granted to National Grid Gas plc under Special Condition 8A.22 of the Gas Transporter Licence to revise its System Management Principles Statement

In accordance with Special Condition 8A (SpC 8A) of the Gas Transporter Licence, National Grid Gas plc (NGG) must at all times have in place a System Management Principles Statement (SMPS). The purpose of the SMPS is to set out the principles and criteria by which NGG will determine the use of System Management Services.

SpC 8A requires that NGG review its SMPS at least once in each Formula Year. NGG must consult with interested parties and then submit to the Authority¹ a report on the outcome of the review, any consultation responses received and proposed revisions to the SMPS. NGG may only make revisions to the SMPS with our consent.

NGG submitted the required information on the annual SMPS review to the Authority on 30 March 2016. NGG proposed to make the following revisions to the SMPS:

- Addition of text to ensure the SMPS is interpreted and applied in accordance with the European Network Code on Gas Balancing of Transmission Networks²
- Revision of Part D Section 5 to take account of the implementation of Modification 0504 introducing Gas Demand Side Response
- Revision of references to financial services regulations to cover all relevant regulations (Part D Section 4)
- Updated definition of "Gas Day" in the glossary to align with move from 0600-0600 to 0500-0500 Gas Day
- Removal of redundant terms in the glossary.

NGG issued a consultation on the proposed revisions to the SMPS on 24 February 2016. This consultation closed on 23 March 2016. No responses were received.

In accordance with SpC 8A.22, we consent to NGG making the proposed revisions to the SMPS. These revisions will take effect from 1 April 2016.

If you have any questions concerning this Consent please contact my colleague Edward Freeman (Edward.Freeman@ofgem.gov.uk / 0207 901 3121).

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document to refer to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks

Yours faithfully,

Mark Copley
Associate Partner, Wholesale Markets
For and on behalf of the Gas and Electricity Markets Authority