

Maxine Frerk
Interim Senior Partner, Networks
Ofgem
9 Millbank
London
SW1P 3GE

Mark Ripley
Director, UK Regulation
National Grid
Mark.g.ripley@nationalgrid.com
Direct tel +44 (0)1926 654928
Mobile +44 (0)7768 106952

31 May 2016

Dear Maxine,

Statutory consultation on proposed new Standard Special Conditions (SSC) and Special Conditions (SC) in National Grid Gas plc's (NGG) National Transmission System (NTS) gas transporter licence.

National Grid welcomes the opportunity to respond to this consultation regarding the proposed new SSCs and SCs to facilitate the transfer of the Backstop Meter Provide of Last Resort (BMPOLR) obligation to the NTS licence.

This response is made on behalf of National Grid Gas Plc and represents the views of both National Grid Gas Transmission and National Grid Gas Distribution.

Summary

Following our announcement in November 2015 of the proposed sale of a majority stake our gas distribution business, we have undertaken a significant amount of work to identify the regulatory issues relating to the proposed sale. One of the key issues identified was the BMPOLR obligation; currently within the Distribution licence. We believe Gas Transmission is best placed to continue to discharge this obligation. In order to preserve this position the obligation should be placed within the NTS licence.

In this response we provide an answer to the question raised within the statutory consultation and provide our thoughts on the proposed licence conditions.

Consultation question: Do you consider the proposed modification to NGG's transmission licence, which would give us the power to maintain the BMPOLR obligations on NGG through its transmission licence, if relevant are appropriate?

National Grid Response:

We do consider the proposed modification of the NTS licence appropriate, we believe that maintaining the BMPOLR obligation on NGG represents the minimum impact solution for the industry as a whole. Any risk is minimised as existing contractual arrangements between NGG and National Grid Metering Ltd (NGM), as NGG's nominated Meter Asset Manager (MAM), will be preserved and there will be no change to the service received by the industry.

Transferring the BMPOLR obligation to the NTS licence also ensures parity within the GDN licences going forward.

Proposed Licence Conditions

National Grid has reviewed the proposed licence conditions and believe that SSC B6 (Application of Standard Special Conditions B7, B8 and B9), B7 (Provision of Meters), B8 (Provisions of Terms), B9 (Non-discrimination in the Provision of Metering Activities), SC 11G (Application of Special Condition 11H) and 11H (Restriction of prices in respect of Tariff Capped Metering Activities) are required to facilitate the transfer of the BMPOLR obligation to the NTS licence. We have no objections to these conditions as proposed.

Having reviewed the proposed text for SSC B10 (Provision of services for specific domestic customer groups), B11 (Arrangements for access to premises) and B12 (Reporting on Performance), we support the intent of these conditions and the insertion of these conditions into the transmission licence. We would however note that if these conditions are introduced into the NTS licence then SSC B6 will need to be expanded in order to refer to SSC B10 and B11 and each of SSC B10 and B11 will need modification to include an introductory paragraph to recognise SSC B6 in the same way as SSC B7,B8 and B9.

I hope that you find this response useful. If you would like to clarify anything in our response please do not hesitate to let either myself or Sue Higgins know.

Yours sincerely,

pp 

Mark Ripley
Director, UK Regulation