

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

**Direction under Part B of Special Condition 4A (Governance of GT1 Price Control Financial Instruments) of the Gas Transmission Licence to make modifications to the GT1 Price Control Financial Model**

1. Each of the companies to whom this Direction is addressed (each "the licensee") is the holder of an Gas Transmission Licence granted or treated as granted under section 7 of the Gas Act 1986.
2. In accordance with Part B of Special Condition (SC) 4A (Governance of GT1 Price Control Financial Instruments) of the Gas Transmission Licence, the Gas and Electricity Markets Authority (the 'Authority')<sup>1</sup>, gave notice on 19 July 2016 ('the Notice') to consult on changes to the GT1 Price Control Financial Model ('the Model') and the proposed date by which these modifications should take effect. The Notice required any representations to be made on or before 16 August 2016.
3. We received no representations to the Notice.
4. Part A of SC 4A sets out the assessment process the Authority will follow in order to assess the likely impact of an intended modification and Part B of SC 4A sets out the circumstances in which a modification may (or may not) be made.
5. In accordance with SC 4A.9, the Authority has modified the Model in the manner indicated in Table 1 in this Direction, in order to align labels between the Financial Model and the Financial Handbook.
6. In the opinion of the Authority, with regard to the views of the GT1 Price Control Financial Model Working Group, the proposed modifications of the GT1 Price Control Financial Instruments are not likely to have a significant impact on any of the persons mentioned in SC 4A.4. In particular, the intended modifications will not have any material impact on the licensees' financial revenue.
7. In accordance with our powers under Part B of SC 4A, we hereby incorporate these modifications to the Model. This Direction brings these modifications into effect as of the date of publication, 23 August 2016.
8. This document constitutes a direction issued by the Authority under Part B of SC 4A



.....

**Ian Rowson**  
**Associate Partner, RIIO Finance & Investor Relations**  
**Duly Authorised on behalf of the Gas and Electricity Markets Authority**  
**23 August 2016**

---

<sup>1</sup> The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Gas and Electricity Markets Authority (GEMA) in its day to day work.

**Table 1 – Location of modifications within Schedule 1 to this Direction**

#	Modification	Worksheet in Model	Cell References
1	Dynamically Linking Cover Sheet Date	Cover	B5

**Directed GT1 Price Control Financial Model**

The directed GT1 Price Control Financial Model for the Annual Iteration Process 2016 can be found on our website at: <https://www.ofgem.gov.uk/publications-and-updates/riio-gt1-financial-model-annual-iteration-process-november-2016>