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for energy consumers

To all interested parties and
stakeholders

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Modification of Special Conditions 1A and 11C of National Grid Gas plc's gas transporter licence

We¹ are making changes to National Grid Gas plc's (NGG's) gas transporter licence (the "Licence") to make sure it reflects arrangements to release incremental capacity at Interconnector Points (IPs).

We published a statutory consultation and covering letter about our proposed changes on 1 August 2017.² These documents explained our reasons for proposing changes to NGG's licence and sought views from stakeholders. The deadline for representations on the proposed modifications was 29 August 2017.

A summary of the responses we received to our consultation is included below. We also explain our decision to make these changes to the Licence.

Summary of statutory responses and our views

We received one response, from NGG, to the statutory consultation. This response was non-confidential and has been published on the Ofgem website.³

NGG agreed with the changes to Special Condition 1A. They noted the amended definitions for 'PARCA'⁴ and 'PARCA Applicant' will give certainty to the regulatory framework for the release of incremental capacity at IPs on the National Transmission System.

They also agreed with the amendments to Special Condition 11C noting that they will make sure design fees related to IP PARCAs are treated in the same manner as the existing PARCA process. We agree with both these comments.

NGG noted that they wish to continue discussions with us about situations where an economic test to release incremental IP capacity is passed and the design fee is returned to the PARCA applicant. In this situation, NGG would like to recover the design fee through the Price Control Financial Model. We are content to take part in these discussions.

¹ The terms "the Authority", "Ofgem", "we", "us" and "our" are used interchangeably in this letter.

² A copy of the statutory consultation can be found on the Ofgem website:

<https://www.ofgem.gov.uk/gas/transmission-networks/gas-interconnectors>

³ A copy can be found here: <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-under-section-23-gas-act-1986-changes-national-grid-gas-s-transporter-licence-result-cam-network-code-0>

⁴ PARCA means Planning and Advanced Reservation of Capacity Agreement

Our decision

We have decided to proceed with the modifications to Special Conditions 1A and 11C of NGG's licence. The effective date of these modifications is on and from 7 November 2017.

The modification decision is published on our website alongside this letter.

If you have any questions regarding the content of this letter, please contact James Thomson by email at james.thomson@ofgem.gov.uk or on 0141 331 6012.

Yours sincerely

Chris Brown
Head of Gas Systems