

To all interested parties and  
stakeholders

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## **Modification of Special Condition 5F of National Grid Gas plc's gas transporter licence**

We<sup>1</sup> are making changes to National Grid Gas plc's (NGG's) gas transporter licence (the "Licence") to reduce the amount of entry capacity they are obliged to provide at the Fleetwood National Transmission System (NTS) entry point.

We published a statutory consultation and covering letter about our proposed changes on 29 August 2017.<sup>2</sup> 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 26 September 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 two responses – from NGG and Storengy - to the statutory consultation.<sup>3</sup> Both responses supported the proposed licence changes.

NGG noted that to enact the new baseline obligation from 1 December 2017, they would need to issue the invite to participate in December's Rolling Monthly Transfer and Trade (RMTNT) auction with the new baseline amount. This invite letter will be issued during November.<sup>4</sup>

We acknowledge that implementing the revised baseline from 1 December 2017 will mean it applies to all entry capacity auctions that take place after that date including December's RMTNT auction. The interaction between the timelines to revise Fleetwood's baseline capacity obligation and existing auction timelines are unavoidable. As a result, we have no issues with NGG's proposal to issue the invite letter in November assuming the new obligated capacity amount at Fleetwood will be effective from 1 December 2017.

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

<sup>2</sup> A copy of the statutory consultation can be found on the Ofgem website:  
<https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-under-section-23-gas-act-1986-fleetwood-entry-capacity-obligation>

<sup>3</sup> A copy of these responses can be found on Ofgem's website:

<sup>4</sup> The calendar for the Rolling Monthly Transfer and Trade Capacity auction is explained in Section B of the Uniform Network Code. This can be found on Joint Office of Gas Transporters website: <https://www.gasgovernance.co.uk/>

However, it is possible that a stakeholder could appeal the licence changes prior to the decision coming into effect. Should that situation arise, we will discuss its implications on the entry capacity auctions and timelines for making the changes with NGG and inform industry as soon as possible of any changes.

Storengy noted that the proposed licence changes will remove risk for consumers and protect Halite Energy's capacity requirements. We agree with this viewpoint. Storengy also noted they agree with the proposed wording of the licence modifications.

### **Our decision**

We have decided to proceed with the modifications to Special Condition 5F of NGG's licence. The effective date of these modifications is on and from 29 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](mailto:james.thomson@ofgem.gov.uk) or on 0141 331 6012.

Yours sincerely

**Chris Brown**  
**Head of Gas Systems**