

**To: National Grid Gas plc (NGG (NTS))**

**Gas Act 1986  
Section 23(2)**

**Notice of statutory consultation on a proposal to modify the Special Conditions and the GT1 Price Control Financial Instruments as defined under the Special Conditions, of the Gas Transporter's licence held by National Grid Gas plc (NGG (NTS))**

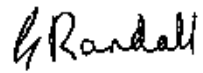
1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the Special Conditions and the GT1 Price Control Financial Instruments, as defined under the Special Conditions, of the Gas Transporter's licence held by National Grid Gas plc granted or treated as granted under section 7 of the Gas Act 1986 by amending:
  - a. Special condition 1A: adding a definition for PARCA Termination Costs and amending the definitions for PARCA Termination Amount and PARCA Termination Value;
  - b. Special condition 2A: removing references to the PARCA Termination Value term in the formula in paragraphs 2A.5, 2A.6 and 2A.12, and the whole of Part F in this condition, with consequential changes to subsequent Parts;
  - c. Special condition 5E: including PARCA Termination Value (PTV) as an uncertain costs category; and
  - d. the GT1 Price Control Financial Model and GT1 Price Control Financial Handbook, as defined under Special Condition 1A, to introduce the Variable Value PTV and reduce the Allowed Expenditure for Fleetwood entry point by £277.5 million for years 2012/13 to 2018/19.
2. We are proposing these modifications to account for two decisions. The first is our decision to implement Planning and Advanced Reservation of Capacity Agreements (PARCAs). The second is our decision to remove £277.5 million from NGGT revenue allowances for investments at the Fleetwood entry point, which did not take place and are not expected to be needed over the remainder of the current control period.
3. The effect of these proposed modifications is to introduce the Variable Value PTV in the GT1 Price Control Financial Model and GT1 Price Control Financial Handbook, and to reduce the NGGT Non-Variant Allowances for Fleetwood by a total of £277.5 million over the years 2012/13 to 2018/19.
4. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively they are available from [foi@ofgem.gov.uk](mailto:foi@ofgem.gov.uk).
5. Any representations with respect to the proposed licence modifications must be made on or before 7 August 2018 to: Valerio Uccello, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [Valerio.Uccello@ofgem.gov.uk](mailto:Valerio.Uccello@ofgem.gov.uk).
6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
7. If we decide to make the proposed modifications they will take effect not less than

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

56 days after the decision is published.

**Geoffrey Randall**



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**Deputy Director, Gas Network Price Controls**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**10 July 2018**