

Company Secretary  
National Grid Gas plc  
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Making a positive difference  
for energy consumers

Email: [switchingprogramme@ofgem.gov.uk](mailto:switchingprogramme@ofgem.gov.uk)

Date: 1 February 2019

## **Direction switching off Standard Condition 14(1) of the NTS licence**

In facilitation of the Switching Programme, we have today designated version 1.0 of the Retail Energy Code ("the REC"). As noted in our October consultation document<sup>1</sup>, whilst we expect all operators of the gas distribution networks to accede to and comply with the REC, we did not intend this obligation to extend to National Grid Gas plc ("NGG") as operator of the National Transmission System ("the NTS").

On 16 November 2018 NGG responded to our consultation, welcoming the clarification of our intention and agreeing that it should be exempted both from the requirement to accede to the REC, and from its existing obligation to be party to the Supply Point Administration Agreement ("the SPAA"). NGG agreed with us that exemption from these obligations is logical given that the focus of both document is limited to arrangements in respect of supply points that are not connected to its NTS network.

We subsequently directed the modification of Standard Condition 14 of the Gas Transporters licence, enabling us to direct that the paragraph 1 of that condition, which requires accession to both the REC and the SPAA be switched off in the licence held by NGG. That licence modification comes into effect today, and as such we are now able to issue the anticipated direction.

### **Direction**

Attached as an Annex to this letter is a direction switching off paragraph 1 of Standard Condition 14 of the Gas Transporters licence held by NGG.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rachel Clark".

Rachel Clark  
**Programme Director, Switching Programme**

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<sup>1</sup> See: [Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications, 15 October 2018](#)

Annex A

**To: National Grid Gas plc (company number 2006000)**

**DIRECTION ISSUED BY THE GAS AND ELECTRICITY MARKETS AUTHORITY  
PURSUANT TO STANDARD CONDITION 14(2) OF THE GAS TRANSPORTERS  
LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS  
ACT 1986**

**Whereas:**

1. The company to whom this Direction is addressed ("the licensee") holds a gas transporters licence ("the licence") granted or treated as granted pursuant to section 7 of the Gas Act 1986 ("the Act"), in which standard condition 14 (Compliance with Core Industry Documents) ("the condition") has effect.
2. On 1 February 2019, the Gas and Electricity Markets Authority ("the Authority") has the power pursuant to paragraph 2 of standard condition 14 to direct that paragraph 1 of the condition shall cease to have effect from such date as the Authority may specify.
3. In accordance with section 38A(2) of the Act, in the following document the Authority set out its reasons for modifying the condition and dis-applying it in relation to the licensee:

Switching Programme: Regulation and Governance - way forward and statutory consultation on licence modifications - published 15 October 2018

**Now therefore:**

5. The Authority hereby directs in accordance with paragraph 2 of standard condition 14 that paragraph 1 of the condition shall cease to have effect in the licence of the licensee.
6. This direction shall take effect on 1 February 2019 and remain in effect until such time as the Authority may revoke, vary or replace it by a further direction.



Dated: 1 February 2019

Rachel Clark

**Programme Director, Switching Programme**

Duly authorised on behalf of the Gas and Electricity Markets Authority