

**To:**  
**National Grid Gas Plc**

**Notice 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. National Grid Gas Plc ('the licensee') is the holder of a Gas Transmission Licence granted or treated as granted under section 7 of the Gas Act 1986.
2. Special Condition (SC) 4A (Governance of GT1 Price Control Financial Instruments) of the Gas Transmission Licence establishes the circumstances in which the Gas and Electricity Markets Authority (the 'Authority')<sup>1</sup>, by way of direction, can make changes to the GT1 Price Control Financial Model ('the Model').
3. 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 be made.
4. In accordance with SC 4A.9, the Authority hereby gives notice to the licensees that it proposes to modify the Model in the manner indicated in Table 1 in this Notice.

**Table 1 – Location of modifications within the Model**

Nature of Modification	Sheet reference	Cell reference
Two labels have been changed from "Uncertain costs - Enhanced Physical Site Security" to "Uncertain costs - Enhanced Security Cost".	SystemOperator	E10, E30

5. The Authority considers that it is necessary to modify the Model in the manner indicated, in order to enable clearer performance monitoring and to ensure that the Model is consistent with the licensee's Cost and Output Reporting template.
6. In the opinion of the Authority and having regard to the views of the GT1 Price Control Financial Model Working Group, the proposed modifications of the Model 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 impact on the licensee's financial revenue.
7. This proposed modification has been agreed by National Grid Gas Plc and the Authority. Furthermore, the modification has been agreed at the latest GT1 Price Control Financial Model Working Group meeting, held on 29 July 2019, the minutes of which are in the attached appendix, published alongside this notice.

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

8. The Authority proposes that these modifications will come into effect on 06 September 2019. This falls within the normal cut-off date for functional changes to the Model, that being 30 September (paragraph 1.13 of the Financial Handbook).<sup>2</sup>
9. Any representations to the proposed modifications should be made on or before 04 September 2019 either in writing to the Regulatory Finance team at Ofgem, 10 South Colonnade, Canary Wharf, London E14 4PU, or by email to [RegFinance@ofgem.gov.uk](mailto:RegFinance@ofgem.gov.uk).
10. Unless you mark your response confidential, we will publish it on our website, [www.ofgem.gov.uk](http://www.ofgem.gov.uk), and put it in our library. You can ask us to keep your response confidential, and we will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want us to keep your response confidential, you should clearly mark your response to that effect and include reasons.
11. If the information you give in your response contains personal data under the General Data Protection Regulations 2016/379 (GDPR) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. If you are including any confidential material in your response, please put it in the appendices.
12. We prefer to receive responses in electronic form so we can more easily place them on our website.



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**Steve McMahon**  
**Deputy Director, Electricity Distribution and Cross Sector Policy**  
**Duly authorised on behalf of the Gas and Electricity Markets Authority**  
**06 August 2019**

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<sup>2</sup> [https://www.ofgem.gov.uk/system/files/docs/2017/08/et1\\_handbook\\_-\\_v2.0.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/08/et1_handbook_-_v2.0.pdf)