

To:
National Grid Gas Plc
Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited

Gas Act 1986
Section 23(1)(a)

Modification of the Special Conditions and Standard Special Conditions of the Gas Transporter licence held by the licensees listed above

1. Each of the licensees to whom this document is addressed ('the licensees') is the holder of a Gas Transporter licence ('the Licence') granted or treated as granted under section 7 of the Gas Act 1986 ('the Act').
2. Under section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 17 December 2020 ('the Notice') that we proposed to modify the Licence by:
 - a. removing the existing Special Conditions;
 - b. inserting new Special Conditions;
 - c. amending the Standard Special Conditions (SSCs) set out in Annex 1 of the Notice;
 - d. inserting new SSCs set out in Annex 2 of the Notice; and
 - e. removing existing SSCs set out in Annex 3 of the Notice.

We stated that any representations to the modification proposal must be made on or before 19 January 2021.

3. A copy of the Notice was sent to the Secretary of State in accordance with section 23(4)(b) of the Act, and we have not received a direction that the modifications should not be made.
4. We received 13 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in track change for the Special Conditions and in yellow highlight for the SSCs in the modification text that can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>. The reasons for the differences between the modifications set out in the Notice and the modifications being made are to correct typographical, computational and arithmetical errors and to address minor issues and corrections raised since the issuing of the Notice.

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

6. The reasons and effects for making the modifications, together with the full text of the proposed modifications can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>, alternatively they are available from foi@ofgem.gov.uk.
7. In addition, further details and background on these licence changes are set out in the following documents:
 - a. Statutory consultation for RIIO-2 Transmission, Gas Distribution and Electricity System Operator licences;²
 - b. RIIO-2 informal licence drafting consultation for Transmission, Gas Distribution and Electricity System Operator licences;³
 - c. RIIO-2 Draft determinations for Transmission and Gas Distribution companies and the Electricity System Operator;⁴ and
 - d. RIIO-2 Final Determinations for Transmission and Gas Distribution companies and the Electricity System Operator.⁵
8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B of the Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules⁶ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Annex 4 provides a list of the relevant licence holders in relation to this modification. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

Under the powers set out in section 23(1)(a) of the Act, we hereby modify the Special Conditions and Standard Special Conditions of the Gas Transporter licence of the licensees in the manner specified at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>. This decision will take effect from 1 April 2021.

The reasons and effect document is our notice of reasons for the purposes of section 38A of the Act and can be found at <https://www.ofgem.gov.uk/publications-and-updates/decision-proposed-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>.

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Min Zhu
Duly authorised on behalf of the
Gas and Electricity Markets Authority

3 February 2021

² <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-riio-2-transmission-gas-distribution-and-electricity-system-operator-licences>

³ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-draft-determinations-transmission-gas-distribution-and-electricity-system-operator>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

⁶ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Annex 1: SSCs we are proposing to amend

Condition	Licensees applicable to
Standard Special Condition A3: Definitions and Interpretation (Schedule 1 only shows definitions we propose to remove or amend).	All listed above
Standard Special Condition A8: Emergency Services and Enquiry Service Obligations	All listed above
Standard Special Condition A14: Availability of Data Formats	All listed above
Standard Special Condition A15. Central Data Service Provider (previously numbered Standard Special Condition A15A)	All listed above
Standard Special Condition A28. Gas Network Innovation Strategy	All listed above
Standard Special Condition A31: Supply Point Information Service	All listed above
Standard Special Condition A36: Restriction on Activity and Financial Ring Fencing	All listed above
Standard Special Condition A37: Availability of Resources	All listed above
Standard Special Condition A38: Credit rating of the licensee and resulting obligations	All listed above
Standard Special Condition A39: Indebtedness	All listed above
Standard Special Condition A40: Regulatory Instructions and Guidance	All listed above
Standard Special Condition A48: Last Resort Supply: Payment Claims	All listed above
Standard Special Condition A55: Data Assurance Requirements	All listed above
Standard Special Condition D10. Quality of service standards	Cadent Gas Limited Northern Gas Networks Limited Scotland Gas Networks Plc Southern Gas Networks Plc Wales & West Utilities Limited
Standard Special Condition D12. Requirement to offer terms for the provision of gas entry points, and to respond to green gas entry applications	Cadent Gas Limited Northern Gas Networks Limited Scotland Gas Networks Plc Southern Gas Networks Plc Wales & West Utilities Limited

Annex 2: SSCs we are proposing to insert

Condition	Licensees applicable to
Standard Special Condition A56: Housekeeping licence modifications	All listed above
Standard Special Condition A57. Exit Capacity Planning	All listed above
Standard Special Condition D21. Treating Domestic Customers Fairly	Cadent Gas Limited Northern Gas Networks Limited Scotland Gas Networks Plc Southern Gas Networks Plc Wales & West Utilities Limited
Standard Special Condition D22. Modifications to Standard Conditions	Cadent Gas Limited Northern Gas Networks Limited Scotland Gas Networks Plc Southern Gas Networks Plc Wales & West Utilities Limited

Annex 3: SSCs we are proposing to remove

Condition	Licensees applicable to
SSC A15 Agency	All listed above
SSC A49 Designated Registrar of Pipes	All listed above
SSC A51 Information to be Provided to a Designated Registrar of Pipes	All listed above
SSC D5: Licensee's procurement and use of constraint management services	Cadent Gas Limited Northern Gas Networks Limited Scotland Gas Networks Plc Southern Gas Networks Plc Wales & West Utilities Limited

Annex 4: Relevant Licence Holders⁷

National Grid Gas Plc
Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks Plc
Southern Gas Networks Plc
Wales & West Utilities Limited

⁷Gas licence holders are listed on our website here: <https://www.ofgem.gov.uk/publications-and-updates/list-all-gas-licensees-including-suppliers>