

Appendix 4

**To: National Grid Gas plc (NTS)
National Grid Gas plc (DN)
Northern Gas Networks Limited
Scotland Gas Networks plc
Southern Gas Networks plc
Wales & West Utilities Limited**

Gas Act 1986 Section 23(2)

Notice of statutory consultation on a proposal to modify the standard special conditions of the gas transporter licence held by each of the above Gas Transporters

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard special conditions of the gas transporter licence held by each of the above Gas Transporters granted or treated as granted under section 7(2) of the Gas Act 1986 by amending Standard Special Condition A11 (Network Code and Uniform Network Code).
2. We are proposing these modifications to ensure that the licence and the governance arrangements of all industry codes have in place a process aimed at delivering changes to the codes in an efficient and timely way.
3. The effect of these proposed modifications is to: introduce the ability for Ofgem to raise Significant Code Review (SCR) modification proposals; make amendments to the applicable objectives. Further details on the reasons for these licence modifications are available in the following documents:
 - a. Open Letter on Further Review of Code Governance dated 15 May 2015²
 - b. Code Governance Review (Phase 3): Initial Proposals (2015) dated 23 October 2015³
 - c. Code Governance Review (Phase 3): Final Proposals (2015) dated 31 March 2016⁴
 - d. Code Governance Review (Phase 3): Final Proposals – consultation on licence modifications dated 31 March 2016⁵
4. The proposed amendments to Standard Special Condition A11 are set out in the Schedule to this Notice.
5. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively they are available from our Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003).

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

² <https://www.ofgem.gov.uk/publications-and-updates/open-letter-further-review-industry-code-governance>

³ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-initial-proposals>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals>

⁵ <https://www.ofgem.gov.uk/publications-and-updates/code-governance-review-phase-3-final-proposals-consultation-licence-modifications>

6. Any representations with respect to the proposed licence modifications must be made on or before 7 June 2016 to: Marion Quinn, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to industrycodes@ofgem.gov.uk.
7. 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.
8. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

Lesley Nugent
Head of Industry Codes & Licensing
Duly authorised on behalf of the
Gas and Electricity Markets Authority
10 May 2016

Schedule 1 – Proposed amendments to Standard Special Licence Condition A11

See separate document