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Dear Rupika

**National Grid's intended sale of its Gas Distribution Networks  
Statutory licence consultations under section 8AA and section 23 of the Gas Act 1986**

National Grid welcomes the opportunity to respond to the section 8AA and section 23 statutory consultations in relation to the intended sale of its Gas Distribution Networks.

This response is made on behalf of National Grid Gas Plc and represents the views of both National Grid Gas Transmission and National Grid Gas Distribution.

**Summary**

Following our announcement in November 2015 of the proposed sale of a majority stake our gas distribution network, we have undertaken a significant amount of work to identify the necessary licence changes required for both the new gas distribution company and National Grid Gas' retained transmission business. We are pleased to see this work is reflected in the statutory consultations you have now issued.

**Consultation Question:** do you agree with our minded to decision to grant consent to the transfer of NGG(DN)'s licence?

**National Grid's Response:**

We welcome Ofgem's minded to decision to grant consent for this transfer, this is one of the key deliverables required for the intended sale of our Gas Distribution Networks.

**Consultation Question:** do you have any comments on the proposed modifications to the NGG(DN) gas transporter licence?

**National Grid's Response:**

We are supportive of the changes proposed to NGG(DN)'s gas transporter licence, we provide more detail below.

1. Backstop meter provider of last resort (BMPOLR)

We support Ofgem's recent decision to modify the NGG(NTS) licence to include dormant BMPOLR obligation as we believe this is the right entity to continue to provide this service. Therefore the removal of these obligations from the NGG(DN) licence is the correct thing to do, and provides clarity around this obligation.

2. Compliance office and legal separation

We acknowledge the intent of these licence conditions and welcome their modification to ensure they remain relevant given the proposed change in National Grid's company structure.

3. References to National Grid Gas and the Competition Commission

These proposed modifications represent good housekeeping of the licence and therefore we support the proposed changes.

We have no further comments on the proposed modifications to the NGG(DN) licence.

**Consultation Question:** do you have any comments on the proposed modifications to the NGG(NTS) gas transporter licence?

**National Grid's Response:**

We support the proposed changes to the NGG(NTS) licence and provide further detail below:

1. Compliance Officer and legal separation

As above, we recognise and support the intent of the conditions and the modifications to reflect the changes in National Grid's corporate structure

2. Calculation of pass through items

We are supportive of the proposed modification to Special Condition 2B to recognise the separate recovery of business rates for the transmission and distribution businesses.

We have no further comments on the proposed modifications to the NGG(NTS) licence.

I hope that you find this response useful. If you would like to clarify anything in our response please do not hesitate to let either myself or Sue Higgins know.

Yours sincerely

*[by e-mail]*

Chris Bennett  
Director, UK Regulation