

**GAS ACT 1986
SECTION 23 & SECTION 38A**

**MODIFICATION OF THE GAS TRANSPORTERS LICENCE OF
SCOTLAND GAS NETWORKS PLC**

AND

NOTICE OF THE REASONS FOR THE DECISION TO MODIFY THE LICENCE

Whereas -

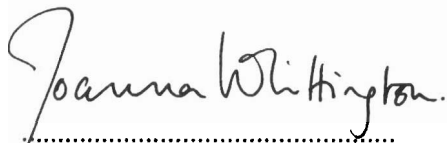
1. Scotland Gas Networks plc (the licensee) is the holder of a gas transporters licence ("the licence") granted or treated as granted by the Gas and Electricity Markets Authority ("the Authority") under section 7 of the Gas Act 1986 ("the Act").
2. In accordance with section 23 of the Act the Authority gave notice on 27 February 2007 ("the notice") proposing to make modifications to:
 - a. Special Condition E2A (Revenue restrictions definitions in respect of the Distribution Network);
 - b. Special Condition E2B (The Distribution Network transportation activity revenue restriction);
 - c. Special Condition E6 (Information to be provided to the Authority in connection with the transportation system revenue restriction in respect of the Distribution Network); and
 - d. Special Condition E11 (Amendment to Credit Rating of the Licensee), of the licence, and required any objections or representations to the modifications to be made on or before 27 March 2007.
3. In accordance with section 23(4)(b) of the Act, the Authority sent a copy of the notice to the Secretary of State and has not received pursuant to section 23(5) of the Act, a direction from the Secretary of State not to make the modifications.
4. The licensee has given its consent in writing to the modifications set out in the attached Schedule.
5. In accordance with section 38A of the Act, the Authority's reasons for making the licence modifications are those stated in the notice (and the documents referred to in the notice) and in summary are to:
 - a. reflect in the licence the final price control proposals developed for one year from 1 April 2007 to 31 March 2008 for the licensee as set out in the Gas Distribution Price Control Review, One Year Control Final Proposals document; and
 - b. add new; alter existing; and omit redundant definitions and provisions from the licence in order to give effect to the final proposals.
6. By 27 March 2007, the Authority received nil objections and in total three representations to the notice, suggesting minor corrections and improvements to the proposed licence text to more accurately reflect the final proposals, and these representations are available free of charge on the Ofgem website (www.ofgem.gov.uk) and from the Ofgem library (telephone 020 7901 7003).

7. The Authority has carefully considered all representations received in relation to the proposed modifications, and has accepted and reflected in the attached Schedule the drafting corrections and improvements suggested by respondents including the licensee.

Now therefore:

In accordance with the powers contained in section 23(1)(a) of the Act, the Authority **hereby modifies** the licence of Scotland Gas Networks plc in the manner specified in the attached Schedule **with effect** on and from 1 April 2007.

The Official Seal of the Gas and Electricity Markets Authority hereto affixed is authenticated by the signature of



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Joanna Whittington – Director, Gas Distribution

Duly Authorised on behalf of the Authority

30 March 2007

