

MODIFICATION OF SPECIAL CONDITION C8E OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE IN RESPECT OF ITS NATIONAL TRANSMISSION SYSTEM UNDER SECTION 23(1)(a) OF THE GAS ACT 1986

NOTICE OF REASONS FOR THE DECISION TO MODIFY SPECIAL CONDITION C8E OF NATIONAL GRID GAS PLC'S GAS TRANSPORTER LICENCE UNDER SECTION 38A OF THE GAS ACT 1986

Whereas –

1. National Grid Gas plc ("the Licence Holder") is the holder of a Gas Transporter Licence in respect of its National Transmission System ("the Licence") granted or treated as granted under section 7 of the Gas Act 1986 ("the Act").
2. In accordance with section 23(3) of the Act the Gas and Electricity Markets Authority ("the Authority"):
 - i. gave notice ("the Notice") on 4 June 2009 that it proposed to make a modification to Special Condition C8E of the Licence setting out its effect and requiring any objections or representations to the modification to be made on or before 2 July 2009; and
 - ii. stated the reasons for the proposed modification.
3. In accordance with section 23(4)(b) of the Act, the Authority gave notice of the proposed modification to the Secretary of State on 4 June 2009 and has not received a direction not to make the modification before the relevant time period specified in the Notice.
4. On 26 June 2009 the Licence Holder gave written consent to the proposed modification.
5. Prior to the close of the relevant time period specified in the Notice, the Authority received two responses in relation to the proposed modification, neither of which constituted formal objections. Both the responses were concerned that the changes in baselines at exit points may produce overall net financial benefit to the Licence Holder.

The Authority has carefully considered the responses received in relation to the proposed modification and considers that no further amendment is necessary to the Notice in relation to the response received because the changes in baselines at exit points were designed to be revenue neutral from the perspective of the Licence Holder.

The responses received, which were not confidential, are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW19 3GE or from the Ofgem website www.ofgem.gov.uk.

7. In accordance with 38A of the Act the Authority gives the following reasons for making the licence modification:

The licence modification is necessary to enable the Licence Holder to change the baselines applicable at certain NTS exit points for Gas Distribution Networks (GDNs) during the enduring exit period so that they are aligned with the 2008 Offtake Capacity Statement data for gas years 2011/12. Without the changes in baselines, a disparity between baselines and projected usage of capacity by GDNs will grow and may create inaccurate investment signals.

Further details of the reasons are published by the Authority in the following document:

"Gas enduring offtake regime: Licence modification consultation on baselines at Gas Distribution Network operator exit points", with reference number 61/09, published on 4 June 2009.

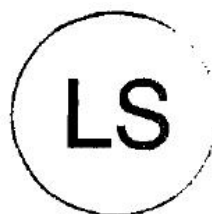
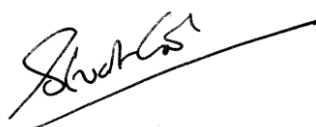
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NOW THEREFORE

In accordance with the powers contained in section 23(1)(a) of the Act, the Authority hereby modifies the Licence in the manner specified in attached Schedule A with effect on and from 16 July 2009.

This document constitutes a notice of reasons for the decision to modify the special conditions of the licence under section 38A of the Act.

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



.....
Stuart Cook
Director, Networks
Duly Authorised on behalf of the Authority

16 July 2009

Schedule A

Annex A to Special Condition C8E (NTS gas exit incentives, costs and revenues)

Table 2 –NTS baseline exit flat capacity

Offtake Point	Type of Offtake	Enduring flat baseline (GWh/day)
Bacton	GDN (EA)	3.66
Brisley	GDN (EA)	3.11
Cambridge	GDN (EA)	0
Great Wilbraham	GDN (EA)	35.59
Matching Green	GDN (EA)	92.31
Peterborough Eye (Tee)	GDN (EA)	25.45
Roudham Heath	GDN (EA)	25.46
Royston	GDN (EA)	2.70
Whitwell	GDN (EA)	161.87
West Winch	GDN (EA)	12.26
Yelverton	GDN (EA)	64.61
Alrewas (EM)	GDN (EM)	139.87
Blaby	GDN (EM)	13.40
Blyborough	GDN (EM)	79.33
Caldecott	GDN (EM)	11.08
Thornton Curtis (DN)	GDN (EM)	118.15
Drointon	GDN (EM)	74.27
Gosberton	GDN (EM)	15.23
Kirkstead	GDN (EM)	1.21
Market Harborough	GDN (EM)	9.48
Silk Willoughby	GDN (EM)	3.53
Sutton Bridge	GDN (EM)	1.71
Tur Langton	GDN (EM)	65.67
Walesby	GDN (EM)	0.97
Asselby	GDN (NE)	3.92
Baldersby	GDN (NE)	1.34
Burley Bank	GDN (NE)	20.31
Ganstead	GDN (NE)	23.15
Pannal	GDN (NE)	148.41
Paull	GDN (NE)	38.14
Pickering	GDN (NE)	9.38
Rawcliffe	GDN (NE)	3.55
Towton	GDN (NE)	80.73
Bishop Auckland	GDN (NO)	62.13
Coldstream	GDN (NO)	1.96
Corbridge	GDN (NO)	0.07
Cowpen Bewley	GDN (NO)	52.12
Elton	GDN (NO)	38.27
Guyzance	GDN (NO)	2.19

Humbleton	GDN (NO)	0.16
Keld	GDN (NO)	1.89
Little Burdon	GDN (NO)	17.75
Melkinthorpe	GDN (NO)	1.77
Saltwick Pressure Controlled	GDN (NO)	9.22
Saltwick Volumetric Controlled	GDN (NO)	69.07
Thrintoft	GDN (NO)	5.16
Towlaw	GDN (NO)	0.55
Wetheral	GDN (NO)	29.11
Horndon	GDN (NT)	46.41
Luxborough Lane	GDN (NT)	165.3
Peters Green	GDN (NT)	151.86
Peters Green South Mimms	GDN (NT)	197.12
Winkfield (NT)	GDN (NT)	15.91
Audley (NW)	GDN (NW)	12.14
Blackrod	GDN (NW)	166.49
Ecclestone	GDN (NW)	21.14
Holmes Chapel	GDN (NW)	22.19
Lupton	GDN (NW)	16.23
Malpas	GDN (NW)	0.99
Mickle Trafford	GDN (NW)	29.08
Partington	GDN (NW)	87.63
Samlesbury	GDN (NW)	110.99
Warburton	GDN (NW)	110.62
Weston Point	GDN (NW)	30.64
Aberdeen	GDN (SC)	23.09
Armadales	GDN (SC)	3.01
Balgray	GDN (SC)	11.4
Bathgate	GDN (SC)	24.22
Broxburn	GDN (SC)	60.80
Careston	GDN (SC)	3.05
Drum	GDN (SC)	77.04
St Fergus	GDN (SC)	0.88
Glenmavis	GDN (SC)	145.79
Hume	GDN (SC)	1.22
Kinknockie	GDN (SC)	2.35
Langholm	GDN (SC)	0.15
Lauderhill	GDN (SC)	1.79
Lockerbie	GDN (SC)	5.7
Netherhowcleugh	GDN (SC)	0.2
Pitcairngreen	GDN (SC)	1.59
Soutra	GDN (SC)	4.19
Stranraer	GDN (SC)	0.68
Mossie	GDN (SC)	22.38
Farningham	GDN (SE)	135.12
Farningham B	GDN (SE)	0
Shorne	GDN (SE)	67.06
Tatsfield	GDN (SE)	276.46

Winkfield (SE)	GDN (SE)	106.26
Braishfield A	GDN (SO)	107.28
Braishfield B	GDN (SO)	46.65
Crawley Down	GDN (SO)	0
Hardwick	GDN (SO)	118.68
Ipsden	GDN (SO)	12.39
Ipsden 2	GDN (SO)	14.25
Mappowder	GDN (SO)	47.68
Winkfield (SO)	GDN (SO)	71.86
Aylesbeare	GDN (SW)	22.68
Cirencester	GDN (SW)	8.97
Coffinswell	GDN (SW)	5.15
Easton Grey	GDN (SW)	29.60
Evesham	GDN (SW)	6.57
Fiddington	GDN (SW)	25.95
Ilchester	GDN (SW)	34.96
Kenn	GDN (SW)	15.43
Littleton Drew	GDN (SW)	2.47
Lyneham (Choakford)	GDN (SW)	50.30
Pucklechurch	GDN (SW)	25.79
Ross (SW)	GDN (SW)	4.53
Seabank (DN)	GDN (SW)	60.74
Alrewas (WM)	GDN (WM)	128.48
Aspley	GDN (WM)	84.65
Audley (WM)	GDN (WM)	21.83
Austrey	GDN (WM)	87.81
Leamington	GDN (WM)	4.26
Lower Quinton	GDN (WM)	29.91
Milwich	GDN (WM)	21.63
Ross (WM)	GDN (WM)	16.52
Rugby	GDN (WM)	80.08
Shustoke	GDN (WM)	44.76
Stratford-upon-Avon	GDN (WM)	4.68
Maelor	GDN (WN)	57.56
Dowlais	GDN (WS)	112.18
Dyffryn Clydach	GDN (WS)	42.78
Gilwern	GDN (WS)	52.74
Abernedd Power Station	DC	0
Abson (Seabank Power Station phase I)	DC - FIRM	36.59
Bacton (Great Yarmouth)	DC - FIRM	20.04
Barking (Horndon)	DC - INTERRUPTIBLE	58.59
Barrow (Black Start)	DC	0
Billingham ICI (Terra Billingham)	DC - FIRM	43.54
Bishop Auckland (test facility)	DC	0
Blackness (BP Grangemouth)	DC - FIRM	27.29

Blyborough (Brigg)	DC - INTERRUPTIBLE	16.89
Blyborough (Cottam)	DC - INTERRUPTIBLE	17.54
Brine Field (Teesside) Power Station	DC	0
Burton Point (Connaught Quay)	DC - INTERRUPTIBLE	73.21
Caldecott (Corby Power Station)	DC - FIRM	21.12
Carrington (Partington) Power Station	DC	0
Coryton 2 (Thames Haven) Power Station	DC	0
Centrax Industrial	DC	0
Deeside	DC - FIRM	28.48
Didcot A	DC - INTERRUPTIBLE	87.29
Didcot B	DC - FIRM	50.47
Drakelow Power Station	DC	0
Eastoft (Keadby Blackstart)	DC - INTERRUPTIBLE	2.38
Eastoft (Keadby)	DC - FIRM	36.06
Enron Billingham	DC - INTERRUPTIBLE	121.51
Epping Green (Enfield Energy, aka Brimsdown)	DC - FIRM	18.41
Ferny Knoll (AM Paper)	DC - FIRM	1.08
Goole (Guardian Glass)	DC - FIRM	1.62
Gowkhall (Longannet)	DC - FIRM	43.32
Grain Power Station	DC	0
Harwarden (Shotton, aka Shotton Paper)	DC - FIRM	11.59
Hollingsgreen (Hays Chemicals)	DC - INTERRUPTIBLE	3.25
Langage Power Station	DC	0
Marchwood Power Station	DC	0
Medway (aka Isle of Grain Power Station, NOT Grain Power)	DC - INTERRUPTIBLE	38.12
Middle Stoke (Damhead Creek, aka Kingsnorth Power Station)	DC - FIRM	40.94
Moffat (Irish Interconnector)	INTERCONNECTOR - FIRM, EXIT ONLY	433.4
Pembroke Power Station	DC	0
Peterborough (Peterborough Power Station)	DC - INTERRUPTIBLE	23.28
Phillips Petroleum, Teesside	DC	3.69

Pickmere (Winnington Power, aka Brunner Mond)	DC - FIRM	15.38
Roosecote (Roosecote Power Station)	DC - INTERRUPTIBLE	14.73
Rosehill (Saltend Power Station)	DC - FIRM	57.83
Ryehouse	DC - FIRM	38.66
Saddle Bow (Kings Lynn)	DC - FIRM	17.98
Saltend BPHP (BP Saltend HP)	DC - FIRM	9.1
Sandy Lane (Blackburn CHP, aka Sappi Paper Mill)	DC - FIRM	4.55
Seabank (Seabank Power Station phase II)	DC - FIRM	19.1
Sellafield Power Station	DC - INTERRUPTIBLE	12.35
Shellstar (aka Kemira, not Kemira CHP)	DC	16.24
Shotwick (Bridgewater Paper)	DC - FIRM	5.52
Spalding 2 (South Holland) Power Station	DC	0
St. Fergus (Shell Blackstart)	DC	0
St. Fergus (Peterhead)	DC - FIRM	108.3
St. Neots (Little Barford)	DC - FIRM	35.2
Stallingborough (phase 2)	DC - FIRM	28.16
Stallingborough (phase 1)	DC - FIRM	38.34
Stanford Le Hope (Coryton)	DC - FIRM	36.61
Staythorpe PH1	DC - FIRM	38.12
Staythorpe PH2	DC - FIRM	38.12
Sutton Bridge Power Station	DC - FIRM	37.47
Teesside (BASF, aka BASF Teesside)	DC - FIRM	9.75
Teesside Hydrogen	DC - FIRM	6.61
Terra Nitrogen (aka ICI, Terra Severnside)	DC - FIRM	13.1
Thornton Curtis (Humber Refinery, aka Immingham)	DC - FIRM	46.89
Thornton Curtis (Killingholme)	DC	81.22
Tonna (Baglan Bay)	DC - FIRM	26.75
Upper Neeston (Milford Haven Refinery)	DC	0
West Burton Power Station	DC	0
Weston Point (Castner Kelner, aka ICI Runcorn)	DC - FIRM	11.7

Weston Point (Rocksavage)	DC - FIRM	38.19
Wragg Marsh (Spalding)	DC - FIRM	42.02
Wyre Power Station	DC	0
Zeneca (ICI Avecia, aka 'Zenica')	DC - FIRM	0.11
Bacton (Baird)	STORAGE SITE	0
Barrow (Bains)	STORAGE SITE	0
Barrow (Gateway)	STORAGE SITE	0
Caythorpe	STORAGE SITE	0
Hatfield Moor Max Refill	STORAGE SITE	30.21
Holford	STORAGE SITE	0
Hole House Max Refill	STORAGE SITE	119.58
Partington Max Refill	STORAGE SITE	2.41
Stublach (Cheshire)	STORAGE SITE	0
Glenmavis Max Refill	STORAGE SITE	1.62
Barton Stacey Max Refill (Humbly Grove)	STORAGE SITE	100.94
Avonmouth Max Refill	STORAGE SITE	2.3
Dynevor Max Refill	STORAGE SITE	2.61
Garton Max Refill (Aldbrough)	STORAGE SITE	211.01
Hornsea Max Refill	STORAGE SITE	22.43
Rough Max Refill	STORAGE SITE	160
Bacton (IUK)	INTERCONNECTOR	623.58
Bacton (BBL)	INTERCONNECTOR	0