



Making a positive difference
for energy consumers

Direct Dial: 0207 901 7159
Email: Andrew.Burgess@ofgem.gov.uk

Date: 17 March 2013

2014/15 Permits Arrangements (varying lead-times for incremental obligated capacity) - Notice under section 23(2) of the Gas Act 1986 - modifications to the special licence conditions of the gas transporter licence held by National Grid Gas plc

Please find attached notice of proposed modifications to Special Condition 2D (Permit Arrangements for the Provision of Incremental Capacity) and Special Condition 3A (Restriction of NTS System Operation Revenue) of the gas transporter licence held by National Grid Gas plc (NGG).

The reasons for these modifications are to:

- a. enable the licensee to continue to manage incremental capacity requests efficiently while new incremental capacity arrangements are developed;
- b. allow existing capacity arrangements to continue, consistent with our RIIO-T1 final proposals;
- c. maintain existing lead times; and
- d. ensure consumers are not potentially exposed to significant incremental buy-back costs under the constraint management incentive.

The effect of the proposed modification is to:

- a. implement permits arrangements from 1 July 2014 to 31 March 2015;
- b. allow permits earned or not used between 1 April 2013 and 31 March 2014 to be used between 1 July 2014 and 31 March 2015;
- c. increase the permits allowance in the RIIO-T1 formula year commencing 1 April 2014 by £13.39m; and
- d. delay by a year when revenue is earned from the RIIO-T1 permit arrangements.

Any representations on the proposed licence modifications may be made on or before 14 April 2013 to: Aled Moses, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to gas.transmissionresponse@ofgem.gov.uk.

If you have any questions regarding the proposed modification please contact Aled Moses, (0207 901 3850; aled.moses@ofgem.gov.uk) in the first instance.

Yours faithfully,

Andy Burgess
Associate Partner, Transmission and Distribution Policy