

To: All holders of a gas supply licence

MODIFICATION OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE UNDER SECTION 23 OF THE GAS ACT 1986

NOTICE OF THE REASONS FOR THE DECISION TO MODIFY THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE UNDER SECTION 38A OF THE GAS ACT 1986

WHEREAS:

1. Each of the companies to whom this Modification is addressed holds a gas supply licence granted, or treated as granted, pursuant to section 7A(1) of the Gas Act 1986 (the "Act").
2. In accordance with section 23(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority"):
 - (a) gave notice on 22 October 2007 (the "Notice") that it proposed to modify the standard conditions of the gas supply licence;
 - (b) published the Notice in the manner it considered appropriate;
 - (c) sent a copy of the Notice to the relevant licence holders, the Secretary of State, the Health and Safety Executive and the Council.
3. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modification before the relevant date specified in the Notice.
4. The Authority received four representations in relation to the proposed licence modification before the relevant time specified in the Notice. No representations were withdrawn. The Authority has carefully considered all representations made in relation to the proposed licence modification and not withdrawn.

All non-confidential representations made in relation to the proposed licence modification are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.
5. No notice of objection to the proposed licence modification was given to the Authority by a relevant licence holder before the relevant date specified in the Notice.
6. The reasons for the modification have been published by the Authority in the following documents:
 - (a) Ofgem. September 2007 *Modifying the gas and electricity supply licences for the use of objections in the non-domestic market*. Ref 251/07
 - (b) Ofgem. July 2007 *Modifying the arrangements for the use of objections in the non-domestic market for gas and electricity supply*. Ref 191/07

- (c) Ofgem. April 2007 *Modifying the arrangements for the use of objections in the non-domestic market.*

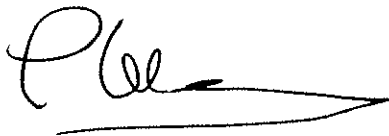
These documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE (0207 901 7003) or from the Ofgem website at www.ofgem.gov.uk.

THEREFORE

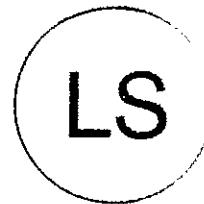
In accordance with section 23 of the Act, the Authority hereby modifies the standard conditions of the gas supply licence in accordance with the Schedule to this Modification, with effect on and from 00:00 hours on 30 November 2007.

This document constitutes a notice of reasons for the decision to modify the standard conditions of the gas supply 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:



**Philip Davies
Director, GB Markets
Ofgem**



26 November 2007

SCHEDULE

MODIFICATION OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE UNDER SECTION 23 OF THE GAS ACT 1986

1. Standard condition 14 (Customer transfer blocking) is amended as follows.
2. For paragraph 14.2(a), substitute:

“at the time the licensee receives Notice under the Network Code by way of the Relevant Gas Shipper that another Gas Supplier has applied under the requirements of the Network Code to supply the premises, the licensee’s Contract with that customer for the supply of gas to the premises includes a term which:

- (i) allows the licensee to prevent the Proposed Supplier Transfer; and
- (ii) may be relied upon in the circumstances arising at that time;”.