

To: Cadent Gas Limited, Northern Gas Networks Limited, Scotland Gas Networks plc, Southern Gas Networks plc, and Wales & West Utilities Limited

**Gas Act 1986
Section 23(1)(a)**

Modification of the standard special conditions Part D of the gas transporter licences held by the licensees listed above

1. Each of the licensees to whom this document is addressed has a gas transporter licence which has been granted or treated as granted under section 7 of the Gas Act 1986 (the Act).
2. Under section 23(2) of the Act, the Gas and Electricity Markets Authority (the Authority)¹ gave notice on 30 April 2021 (the Notice) that we proposed to modify standard special condition D17 (Provision and Return of Meters) in Part D of the Gas Transporter Licence held by the following licensees in respect of the distribution networks (DN Licences): Cadent Gas Limited, Northern Gas Networks Limited, Scotland Gas Networks plc, Southern Gas Networks plc, Wales & West Utilities Limited in the manner set out in Schedule 4 to the Notice.

We stated that any representations with respect to the proposed licence modifications must be made on or before 5pm on 1 June 2021.

3. A copy of the Notice was sent to the Secretary of State in accordance with section 23(4)(b) of the Act, and we have not received a direction that the modifications should not be made.
4. We received 5 responses to our consultation, all of which we carefully considered. The majority of responses agreed with our proposals. We have published all non-confidential responses on our website. Our response to these comments, as well as our reasons for any differences between the modifications and those proposed in the Notice, is set out in our accompanying Decision document which is available on our website at <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-licence-changes-retail-code-consolidation>.
5. We have decided to proceed with making the licence modifications as proposed, subject to the following further change: we took the opportunity to correct our proposal to amend references to "Meter Asset Manager", which we had proposed to modify to "Meter Equipment Manager", and will now modify to "Metering Equipment Manager", as this is the correct term used in the Retail Energy Code.
6. We are making these licence modifications, in summary, in order to ensure that the new governance arrangements and structures required for and being realised by Retail Code Consolidation are properly reflected in the licences.
7. In summary, the effect of these modifications will be that the new governance arrangements and structures required for and being realised by Retail Code Consolidation will be reflected in the licences. The effect of the majority of the modifications will be minor on an operational level; primarily, the modifications will

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

ensure the licences correctly reference other industry documents and arrangements which are due to be modified under the Authority's Retail Code Consolidation Significant Code Review. A more detailed description of the reasons for and effects of these licence modifications can be found in our accompanying Decision document.

8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules² requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 23(10) of the Act sets out the meaning of "relevant licence holder".
9. Under the powers set out in section 23(1)(a) of the Act, we hereby modify Standard Special Condition D17 (Provision and Return of Meters) in Part D of the DN Licences (as defined above) in the manner specified in the attached Schedule 1.
10. All of these modifications will take effect from the date of Retail Code Consolidation, which is the date to be designated by the Authority and which date will be not less than 56 days from the date of publication of our decision in relation to these licence modifications. The date of Retail Code Consolidation is currently expected to be 1 September 2021³.
11. This document is notice of the reasons for the decision to modify the standard special conditions Part D of the DN Licences (as defined above) as required by section 38A of the Act.

**Rachel Clark,
Programme Director, Switching Programme
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

2 July 2021

² CMA70: <https://www.gov.uk/government/publications/energy-licence-modification-appeals-rules-cma70>

³ Although the 56 day standstill period ends on 27 August 2021, the date of Retail Code Consolidation will not be any earlier than 1 September 2021.

Schedule 1 – Modification of the Standard Special Conditions applicable to all DN Licensees: Part D

We have included the sections of the gas transporter SSCs we have proposed to remove or amend below. Deletions are shown in strike through and new text is double underlined. Additional amendments to those consulted upon in the April 2021 statutory consultation are shown in yellow highlight. We have only shown those licence conditions where modifications are proposed.

STANDARD SPECIAL CONDITIONS APPLICABLE TO ALL DN LICENSEES: PART D

Standard Special Condition D17. Provision and Return of Meters

1. Subject to paragraph 2, the licensee shall comply with any reasonable request by a relevant supplier (or a gas supplier who is about to become such a relevant supplier) to provide through a metering asset equipment manager and install at the premises of a domestic customer a gas meter, other than:

- (a) a gas meter capable of forming part of a smart metering system;
- (b) an advanced domestic meter; or
- (c) a prepayment advanced domestic meter

owned by the licensee and of a type specified by the supplier subject, however, to a meter of that type being reasonably available to the licensee and the supplier agreeing to pay its charges in respect of the meter.

1A For the purposes of paragraph 1, "metering asset equipment manager" means:

- (a) a person approved in accordance with the ~~Supply Point Administration Agreement~~ Retail Energy Code as possessing expertise satisfactorily to provide meter-related services or a class or description of persons so approved (the "**relevant expertise**"); or
- (b) an undertaking approved in accordance with the ~~Supply Point Administration Agreement~~ Retail Energy Code as having staff possessing the relevant expertise and for the purposes of this definition,
 - (i) "**approved in accordance with the ~~Supply Point Administration Agreement~~ Retail Energy Code**" means approved in accordance with it for the purposes of this condition generally and "**staff**" includes officers, servants and agents; and

- (ii) “**meter-related services**” means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc, as at 12 July 2004, as defined within Amended Standard Condition 9 (Network Code) of Transco plc’s gas transporter licence on that date.

8. For the purposes of this condition and Standard Special Condition D18 (Provision of Metering and Meter Reading Services):

Retail Energy Code

the Retail Energy Code required to be in place pursuant to Standard Condition 11 of the Gas Supply licence, as from time to time modified

Schedule 2 – Relevant licence holders

Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks Plc
Southern Gas Networks Plc
Wales & West Utilities Limited