



Making a positive difference
for energy consumers

To: All holders of a gas supply
licence

Email: RetailFinancialResilience@ofgem.gov.uk

Date: 20 June 2022

**Gas Act 1986
Section 23(2)**

**Notice of statutory consultation on a proposal to modify the standard conditions
of all gas supply licences**

1. Each of the companies to whom this notice is addressed holds a gas supply licence granted, or treated as granted, pursuant to section 7A of the Gas Act 1986 ('the Act').
2. The Gas and Electricity Markets Authority ('the Authority')¹ gives notice that it proposes to modify the standard conditions of all gas supply licences granted or treated as granted, pursuant to section 7A of the Gas Act 1986 ('the Act') by amending standard licence condition (SLC) 27 in the manner set out in the schedule attached to this notice and described in the statutory consultation 'credit balances – strengthening existing direct debit rules'² accompanying this notice.
3. The effect of the proposed modifications is to reduce the accrual of excessive consumer credit balances ('CCBs') generated through suppliers not always using the best and most current information available, which in turn will help tackle the pursuit of risky business models and other poor practices that excessive CCB build-up helps to facilitate.

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

² The accompanying consultation documents can be found on our website.

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The Office of Gas and Electricity Markets

10 South Colonnade, Canary Wharf, London, E14 4 020 7901 7000

www.ofgem.gov.uk

4. We are proposing these licence modifications to strengthen the existing requirements for suppliers to set domestic consumers' fixed direct debits according to the best and most current information available to them.
5. Further detail as to why the Authority proposes to make these licence modifications has been published by the Authority in the accompanying statutory consultation 'credit balances – strengthening existing direct debit rules'.³
6. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
7. Any representations with respect to the proposed licence modifications must be made on or before 19 July 2022 to: Omar Tellage, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to RetailFinancialResilience@ofgem.gov.uk.
8. We normally publish all responses on our website. However, if you do not wish your response to be made public, then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
9. If we decide to make the proposed modifications, the modifications will take effect not less than 56 days after the decision is published.

Cathryn Scott
Regulatory Director – Enforcement and Emerging Issues
Duly authorised on behalf of the
Gas and Electricity Markets Authority
20 June 2022

³ The accompanying consultation documents can be found on our website
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Schedule 1 – proposed modification to the standard conditions of all gas supply licences.

The text of the proposed modifications to SLC 27 are shown underlined, with deletions shown in ~~strike through~~ and new text double underlined. For reference, we have not reproduced the complete text of SLC 27 and have only included SLC 27.15 below.

Condition 27. Payments, Security Deposits, Disconnections, Direct Debits, and Final Bills.

27.15 ~~Save where a clear and express Principal Term of the relevant Domestic Supply Contract provide otherwise,~~ The licensee must take all reasonable steps to ensure that the fixed amount of the regular direct debit payment is based on the best and most current information available (or which reasonably ought to be available) to the licensee, including information as to the quantity of gas which the licensee reasonably estimates has been or will be supplied under the relevant Domestic Supply Contract.

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