

To: All holders of a gas supply licence

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

Modification of the standard conditions of all gas supply licences

1. Each of the licensees to whom this document is addressed has a supply licence which has been granted or treated as granted under section 7A 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 20 June 2022 ('the Notice') that we propose to modify standard licence condition (SLC) 27. We stated that any representations to the modification proposal must be made on or before 19 July 2022.
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 change should not be made.
4. We received 13 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments and the reasons for our decision are set out in the accompanying letter.
5. The effect of the modifications is to reduce the accrual of excessive consumer credit balances ('CCBs') by removing the conditional components of SLC 27.15 and making the obligation to reset direct debits based on "best and most current information" absolute.
6. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B 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. Section 23(10) of the Act sets out the meaning of 'relevant licence

Under the powers contained in section 23(1)(b) of the Act, we hereby modify the standard licence conditions for all gas supply licences in the manner specified in attached Schedule 1. This decision will take effect from 21 October 2022.

This document is notice of the reasons for the decision to modify the gas supply licences as required by section 38A of the Act.

Cathryn Scott

Regulatory Director – Enforcement and Emerging Issues

26 August 2022

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

² CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Schedule 1: Modifications to the standard conditions of all gas supply licences

Deletions are shown in ~~strike-through~~ and new text is double underlined.

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, t~~ 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 electricity/gas which the licensee reasonably estimates has been or will be supplied under the relevant Domestic Supply Contract.

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Schedule 2: list of the relevant licence holders in relation to this modification

Gas Supply licence holders are listed at: [List of all gas licensees including suppliers | Ofgem](#)

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