

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 gas supply licence which has been granted or treated as granted under section 7A(1) 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 7th December 2023 ('the Notice') that we propose to make the following modifications to standard conditions:
 - Changes to definitions in Standard Licence Condition ("SLC") 1.2
 - Expanding coverage of SLC 0A
 - Moving and amendments of SLC 7A.10C to 20.7
 - Addition of SLC 20.5A
 - Modification of SLC 20.6-20.6D

We stated that any representations to the modification proposal must be made on or before 31 January 2024.

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 changes should not be made.
4. We received 38 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in the accompanying decision document.
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in yellow highlight in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 are to:
 - correct minor typographical errors
 - address minor issues raised in consultation responses
 - replace placeholder text from consultation to add a Small Business Consumer definition
 - ensure that SLCs which contain obligations relating to Small Business Consumers can be implemented, once upcoming amendments to The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 and The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 are made, by the Authority giving at least three months' Notice.

These alterations do not change the policy intent.

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

6. We are making these licence changes because through engagement with suppliers and consumer groups, a call for evidence, a policy and statutory consultation we have identified and prioritised several key areas of consumer harm and developed a package of policy measures, including standard licence modifications, to address these harms.

7. The effect of the modification will be that:

- protections under the Standards of Conduct are expanded to all Non-Domestic Customers.
- suppliers are required to inform customers that are eligible to access Citizens Advice and Citizens Advice Scotland that they can access these services.
- suppliers are required to disclose Third Party Intermediary service fees to all Non-Domestic Customers.
- suppliers must ensure when working with Third Party Intermediaries for Micro Business Consumer contracts and Small Business Consumer contracts, the Third Party Intermediary is registered to a Qualifying Dispute Settlement Scheme.

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 23B of the Act, Rule 5.6 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'.

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 the following times and dates:

Modifications	Date
SLC 0A Expansion of Standards of Conduct to all Non-Domestic Customers	On and from 00:00 on 1 st July 2024.
SLC 20.5A Signposting Micro Business Consumers to Citizens Advice and Citizens Advice Scotland	On and from 00:00 on 1 st July 2024.
SLC 1.2 SLC 20.7, 20.7A, 20.7B SLC 7A Third Party Intermediary service fee disclosure to all Non-Domestic Customers	On and from 00:00 on 1 st October 2024
SLC 20.6, 20.6A, 20.6B, 20.6C, 20.6D Suppliers to ensure that Third Party Intermediaries are signed up for a	These modifications will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and

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

Qualifying Dispute Settlement Scheme, for Small Business Consumers	in any event not before 1st December 2024.
SLC 20.5B Signposting Small Business Consumers to Citizens Advice and Citizens Advice Scotland	These modifications will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event not before 1st December 2024.

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



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Jemma Baker
Deputy Director – Future Retail Markets
Duly authorised on behalf of the
Gas and Electricity Markets Authority

5 April 2024

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

Condition 1.2 Definitions in alphabetical order

Principal Terms means, in respect of any form of Contract or Deemed Contract, the terms that relate to:

(a) Charges for the Supply of Gas;

(aa) where the licensee is relying on sub-paragraph 22C.11(a) of standard condition 22C or sub-paragraph 23.8(a) of standard condition 23, the method by which Charges for the Supply of Gas fluctuate automatically;

(ab) where the licensee is relying on sub-paragraph 22C.11(b) of standard condition 22C or sub-paragraph 23.8(b) of standard condition 23, the precise variations to the Charges for the Supply of Gas;

(ac) Where the licensee is relying on paragraph 22C.11A of standard condition 22C and paragraph 23.8A of standard condition 23:

- i. moving a Domestic Customer from one payment method to another and the precise circumstances when that will occur; and
- ii. the precise variations to the Charges for the Supply of Gas and other terms and conditions which would occur as a result of the Domestic Customer being moved from one payment method to another;

(ad) Where the licensee is relying on paragraph 22C.11A of standard condition 22C but not paragraph 23.8A of standard condition 23, moving a Domestic Customer from one payment method to another and the precise circumstances when that will occur;

(b) any requirement to pay Charges for the Supply of Gas through a Prepayment Meter;

(ba) in relation to a Domestic Supply Contract, any Credit Limiting which applies, including the Credit Limit;

(c) any requirement for a Security Deposit;

(d) the duration of the Contract or Deemed Contract (including, but not limited to, the duration of any fixed term periods and any arrangements for renewing or extending the duration of the Contract or any fixed term periods);

(e) the rights to end the Contract (including any obligation to pay a Termination Fee) or the circumstances in which a Deemed Contract will end, and any other term that may reasonably be considered to significantly affect the evaluation by the Customer of the Contract under which gas may

be supplied to his premises including for the avoidance of doubt, in relation to ~~Micro-Business Consumers~~ Non-Domestic Customers any Third Party Costs, required to be paid or due to be paid in respect of ~~the full duration of~~ a Non-Domestic Supply Consumer ~~Microbusiness Consumer Contract~~ and to be presented as defined in condition 20.7B monies (whether actual or where that is not possible, estimated amounts).

Small Business Consumer [This definition is subject to change following the government consultation]

A non-domestic customer is defined as a small business if they:
employ fewer than 50 employees (or their full time equivalent) and
has an annual turnover no greater than £6.5 million or balance sheet
total no greater than £5.0 million;
or uses no more than 500,000 kWh of electricity per year;
or uses no more than 500,000 kWh of gas per year.

Condition 0A. Treating ~~Microbusiness Consumers~~ Non-Domestic Customers Fairly

Customer Objective

0A.1 The objective of this condition is for the licensee to ensure that each ~~Micro-Business Consumer~~ Non-Domestic Customer is treated Fairly ("the Customer Objective").

Achieving the Standards of Conduct

0A.2 The licensee must ensure it achieves the Standards of Conduct in a manner consistent with the Customer Objective.

0A.3 The Standards of Conduct are that the licensee:

- a. behaves and carries out any actions in a Fair, honest, transparent, appropriate and professional manner;
- b. provides information (whether in Writing or orally) to each ~~Micro-Business Consumer~~ Non-Domestic Customer which:
 - i. is complete, accurate and not misleading (in terms of the information provided or omitted);
 - ii. is communicated (and, if provided in Writing, drafted) in plain and intelligible language with more important information being given appropriate prominence;
 - iii. relates to products or services which are appropriate to the ~~Micro-Business Consumer~~ Non-Domestic Customer to whom it is directed; and
 - iv. in terms of its content and in terms of how it is presented, does not create a material imbalance in the rights, obligations or interests of the licensee and the ~~Micro-Business Consumer~~ Non-Domestic Customer in favour of the licensee;

- c. in relation to customer service arrangements:
 - i. makes it easy for a ~~Micro-Business Consumer~~ Non-Domestic Customer to contact the licensee;
 - ii. acts promptly to put things right when the licensee makes a mistake; and
 - iii. otherwise ensures that customer service arrangements and processes are fit for purpose and transparent.

Scope of Condition

0A.4 Standard condition 0A applies to all Designated Activities in respect of a ~~Micro Business Consumer~~ Non-Domestic Customer.

0A.5 Apart from any matters relating to Deemed Contracts, standard condition 0A does not apply in respect of the amount or amounts of any Charges for the Supply of Gas or any other type of charge or fee, applied or waived.

0A.6 Standard Condition 0A applies to the exercise of a licensee’s discretion to apply or waive any fee or charge.

0A.7 In the event of a conflict between this condition and paragraph 14.2 of standard condition 14, this condition will prevail.

Guidance

0A.8 The licensee must have regard to any guidance on standard condition 0A (including in respect of definitions which appear in standard condition 1) which, following consultation (which may be conducted before this condition takes effect), the Authority has issued, may issue and may from time to time revise (following further consultation).

Definitions

0A.9 For the purposes of this condition:

"Billing"	All matters relating to the provision of a Bill or statement of account to a Customer, including the content and calculations relating to such a Bill or statement of account and the collection and use of information relating to the consumption of gas.
"Contractual Information"	Includes the drafting and content of a Non-domestic Supply Contract or Deemed Contract and the provision of information relating to the Non-domestic Supply Contract or Deemed Contract that applies to a Micro

	Business-Consumer <u>Non-Domestic Customer</u> which is being supplied by the licensee.
"Customer Objective"	Is to be interpreted in accordance with paragraph 0A.1.
"Customer Transfers"	Includes, but is not limited to, any matters that relate to a Customer's ability to change supplier and/or affect the timeframe for changing supplier (including related terms and conditions of a Non-domestic Supply Contract or Deemed Contract that applies to a Micro-Business Consumer <u>Non-Domestic Customer</u>).
"Designated Activities"	Mean each of the following: <ul style="list-style-type: none"> a. the accuracy of a Bill or statement of Account; b. the timeframe for a Micro-Business-Consumer <u>Non-Domestic Customer</u> receiving a Bill or statement of account and the timeframe for the payment of a Bill; c. any written or oral communications regarding Billing or Contractual Information; d. Customer Transfers; e. any matters relating to Deemed Contracts; and f. <u>any matters which fall within the scope of standard conditions 7A, 14, 14A and 21B (in so far as they relate to a Micro Business Consumer) and any matters which fall within the scope of standards conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer).</u>
"Fair" and cognate expressions	The licensee would not be regarded as treating a Micro-Business-Consumer <u>Non-Domestic Customer</u> Fairly if their actions or omissions give rise to a likelihood of detriment to the Micro-Business-Consumer <u>Non-Domestic Customer</u> , unless the detriment would be reasonable in all the relevant circumstances.
"Micro Business Consumer"	has the meaning given in standard condition 7A.
"Standards of Conduct"	Means one or more of sub paragraphs 0A.3 (a) to (c)

Condition 7A. Supply to Micro Business Consumers

~~Information on Third Party Costs~~

~~7A.10C.1 In addition to the requirement in condition 7A.9, where the licensee has entered into a Micro-Business-Consumer Contract, the licensee must provide to the Micro-Business-Consumer on request, information relating to any form of Third Party Costs paid or made,~~

~~or due to be paid or made by the licensee, to a Third Party in respect of the full duration of that Micro-Business Consumer Contract;~~

~~7A.10C.2 The licensee must ensure that the information that the licensee is required to disclose by virtue of condition~~

~~7A.10C.1:~~

- ~~(a) is disclosed as monies, whether actual amounts or (if that is not possible) estimated amounts;~~
- ~~(b) enables a Micro-Business Consumer to understand the amount of those sums that it is due to pay which are, or are attributable to Third Party Costs due to the Third Party, as well as any Charges (so far as they are different) or other sums; and~~
- ~~(c) is drafted in plain and intelligible language.~~

7A.10C- not used

Condition 20. Safety of gas supplies, Meter Point Reference Number, advice information and dispute settlement – for Non-Domestic Customers

Advice information

20.5A The licensee must keep each of its **Small-Micro** Business Consumers informed:

- a. that Citizens Advice consumer service can assist in providing information and advice to **Small-Micro** Business Consumers; and
- b. how to contact Citizens Advice and Citizens Advice Scotland

by providing that information at least annually.

20.5B The licensee must keep each of its Small Business Consumers informed:

- a. that Citizens Advice consumer service can assist in providing information and advice to Small Business Consumers; and
- b. how to contact Citizens Advice and Citizens Advice Scotland

by providing that information at least annually. "Small Business Consumer" has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect). This Licence Condition 20.5B will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024.

Working with Third Party Intermediaries

Dispute settlement

20.6 The licensee must provide to each of its Non-Domestic Customers information concerning their rights as regards the means of dispute settlement available to them in the event of a dispute with the licensee or, in the case of a **Micro Business Consumer or Small Business Consumer** ~~Microbusiness Consumer~~, any Third Party by providing that information on any relevant Promotional Materials sent to the Non-Domestic Customer and on or with each Bill or statement of account sent to each Non-Domestic Customer in relation to Charges or annually if the licensee has not sent such a Bill or statement of account to them. Such information must include, but is not limited to, how the procedures under any Qualifying Dispute Settlement Scheme can be initiated.

20.6A The licensee must ensure that any Third Party is a member of a Qualifying Dispute Settlement Scheme.

20.6B The licensee must provide any information it holds or controls which, in the view of the provider of the relevant Qualifying Dispute Settlement Scheme, is relevant to a dispute between a ~~Micro Business Consumer~~ **Micro Business Consumer or Small Business Consumer** and a Third Party, to the provider of the relevant Qualifying Dispute Settlement Scheme, on request.

20.6C The provisions in this Condition 20.6 insofar as they relate to dispute settlement between a Microbusiness Consumer and a Third Party shall take effect on and from 1 December 2022 a date specified by the Authority. The provisions in this Condition 20.6 insofar as they relate to dispute settlement between a Small Business Consumer and a Third Party, will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024. shall take effect [8 months after the decision is published], a date specified by the Authority.

20.6D For the purposes of this Condition: **'Qualifying Dispute Settlement Scheme'** means any scheme of dispute settlement, resolution and/or redress operated by the Relevant Energy Ombudsman or such other organisation as demonstrably provides independent, fair, effective and transparent out-of court dispute settlement relating to Relevant Third Party Activities and constitutes a Qualifying Dispute Settlement Scheme in accordance with any guidance issued by the Authority,

'Relevant Third Party Activities' means any activity undertaken by a Third Party in respect of a ~~Micro Business~~ **Small Business Non-Domestic** Supply Contract including (but without prejudice to the generality of the foregoing):

(a) any written or oral communications relating to the supply of gas to a **Non Domestic Customer Consumer** ~~Micro Business Consumer~~ including:

- (i) any pre-sales communications;
- (ii) any communications regarding Billing or Contractual Information; and

- (iii) ~~for a Micro Business Consumer~~ any matters which fall within the scope of standard conditions 7A, 14, 14A and 21B (in so far as they relate to a Micro Business Consumer) and any matters which fall within the scope of standard conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer); and
- (b) any processing of information relating to the supply of gas to a Non-Domestic Customer ~~Small Business Consumer~~ Micro Business, together with any other Relevant Activities as the Authority may direct from time to time, following consultation.

'Small Business Consumer' has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect).

Information on Third Party Costs

~~7A.10C.1 20.7~~ In addition to the requirement in condition 7A.9, where the licensee has entered into a Micro Business Consumer Contract, ~~the licensee must provide to the Micro Business Non-Domestic Customer Consumer~~ on request, information relating to any form of Third Party Costs paid or made, or due to be paid or made by the licensee, to a Third Party in respect of the full duration of that ~~Micro Business Non-Domestic~~ Consumer Supply Contract;

~~7A.10C.2 20.7A~~ The licensee must ensure that the information that the licensee is required to disclose by virtue of condition

~~7A.10C.1 20.7B:~~

- (a) ~~for Micro Business Consumers~~ is disclosed as monies, whether actual amounts or (if that is not possible) estimated amounts and as a cost per unit of energy or a cost per day (month) where it forms part of a daily (monthly) standing charge;
- (b) ~~for Non-Domestic Customers who do not qualify as a Micro Business Consumer,~~ is disclosed as a cost per unit of energy or a cost per day (month) where it forms part of a daily (monthly) standing charge;
- (~~b~~ c) enables a ~~Micro Business Consumer~~ Non-Domestic Customer to understand the amount of those sums that it is due to pay which are, or are attributable to Third Party Costs due to the Third Party, as well as any Charges (so far as they are different) or other sums; and
- (~~e~~ d) is drafted in plain and intelligible language.