

**To: All holders of a gas transporter licence**

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

**Modification of the standard conditions of all gas transporter licences**

1. Each of the licensees to whom this document is addressed has a transporter 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')<sup>1</sup> gave notice on 19 September 2024 ('the Notice') that we propose to modify standard conditions Condition 48 (Last Resort Supply: Payment Claims) 1, 1(a), 3, and inserting 1(b), 7(b), 7(c), 7(d) 11(e) and 11(f). We stated that any representations to the modification proposal must be made on or before 18 October 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 change should not be made.
4. We received 27 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 at in the accompanying decision.
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, and address minor issues as well as to respond to corrections raised in consultation responses.
6. We are making these licence changes to:
  - Implement the Supplier of Last Resort (SoLR) Levy Offset. The SoLR Levy Offset has been developed in response to the significant impacts on consumers of supplier failures after a number of failures in winter 2021.
  - Ensure that any sums recovered through the SoLR Levy Offset are passed back to consumers through reduced network charges. This supports the primary policy aim of the SoLR Levy Offset, which is to reduce the mutualised costs associated with supplier failure.
  - Formalise existing LRSP processes as well as to i) take into account any sums recovered by a SoLR from the insolvency process, ii) in order to make a procedure for making multiple claims (the 'multi-claims process') permanent, and iii) to ensure that reconciliation of claims takes place.
  - Update existing requirements for networks to report on LRSP charges, to include any amounts recovered from SoLRs as a result of the SoLR being in a position of 'Excess'.

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<sup>1</sup> The terms "the Authority", "we" and "us" are used interchangeably in this document

7. The effect of the modifications is as described in the Notice<sup>2</sup>.
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 Rules<sup>3</sup> 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 transporter licences in the manner specified in attached Schedule 1. This decision will take effect from 1 October 2025.

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

**David Hall, Deputy Director of Financial Resilience and Controls**

**Duly authorised on behalf of the Gas and Electricity Markets Authority**

5 August 2025

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<sup>2</sup> [SoLR Levy Offset Statutory Consultation | Ofgem](#)

<sup>3</sup> CMA70 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655601/energy-licence-modification-appeals-rules.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf)

## **Schedule 1**

### **Condition 48: Last Resort Supply: Payment Claims and Accounting**

1. This condition sets out the circumstances in which the licensee ~~shall increase its transportation charges in order must:~~
  - (a) Increase its transportation charges in order to pay any gas supplier (a "claimant") a last resort supply payment in accordance with the terms of a valid claim, or
  - (b) Decrease its transportation charges in order to account for receipts from a claimant under standard condition 9.7ZA of the gas supply licence or receipts under an undertaking given by a gas supplier to the licensee under standard condition 9A (Undertakings to Gas Transporters in relation to Last Resort Supply Payments) of the gas supply licence, including interest accrued upon such receipts.
3. Where the licensee receives a valid claim which necessitates an increase in transportation charges it shall, during the relevant year or other subsequent years (as specified in the valid claim), make a consequential increase to its transportation charges during that year which relate to the conveyance of gas to premises (and secondary sub-deduct premises to which gas is conveyed as contemplated by sub-deduct arrangements) to such an extent as it reasonably estimates to be appropriate to secure that such consequential increase in its revenue equals the specified amount for each year as set out in the valid claim.

7B. Where the valid claim is adjusted pursuant to standard condition 9.7ZA of the gas supply licence after payments under paragraphs 4 and 5(a) have been made and the claimant repays to the licensee any part of such payments, the licensee must during the following year (or if that is not possible then as soon as practicable thereafter), decrease transportation charges by an amount equal to the repayment together with interest thereon.

7C. Unless the Authority directs otherwise, the licensee must take all reasonable steps to recover sums due to it under an undertaking given by a gas supplier to the licensee under standard condition 9A (Undertakings to Transporters in relation to Last Resort Supply Payments) of the gas supply licence.

7D. Where the licensee receives any payment in pursuance of paragraph 7C, the licensee must during the following year (or if that is not possible then as soon as practicable thereafter), decrease transportation charges by an amount equal to the payment received together with interest thereon.

7E. The licensee **must** have regard to such guidance as the Authority may, from time to time, publish about the obligation at paragraph 7C of this condition.

11. The licensee shall prepare, in respect of each year in which it increases or decreases charges in pursuance of paragraph 3, 5, 6, **7B or 7D**, a statement showing

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(a) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 3;

(b) the aggregate amount of its revenue derived from increases in charges in pursuance of paragraph 5;

(c) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 6; ~~and~~

(d) in the case of each last resort supply payment, the aggregate payments to the claimant made in respect of the year in question (whenever those payments were made);

(e) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph 7B; and

(f) the aggregate amount of the decrease in its revenue resulting from decreases in charges in pursuance of paragraph **7D**.

14. Where the licensee receives more than one claim for a last resort payment, this condition **(other than sub paragraphs 11 (a), (b), and (c))** shall apply separately as respects each separate claim but in so far as it results in changes to the licensee's transportation charges it shall have the cumulative effect of such separate applications.

## **Schedule 2**

List of the relevant licence holders in relation to this modification are listed at:

[List of all gas licensees including suppliers | Ofgem](#)