

To: All holders of a gas transporter licence who are in respect of any one or more modification relevant licence holders for the purposes of section 23(12) of the Gas Act 1986.

NOTICE OF MODIFICATION OF THE STANDARD CONDITIONS OF THE GAS TRANSPORTER LICENCES UNDER SECTION 23 OF THE GAS ACT 1986

1. Each of the companies to whom this Notice is addressed holds a gas transporter licence granted, or treated as granted, pursuant to section 7 of the Gas Act 1986 (the "Act").
2. In accordance with section 23(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority") gives notice that it proposes to modify the standard conditions of the gas transporter licences.
3. The Authority is proposing to make consequential amendments to the gas transporter licences further to Ofgem's Supply Licence Review. 17 separate proposed licence modifications are set out in the Schedule to this Notice.
4. In summary, the effect of the proposed licence modifications is:
 - (a) to ensure that references to the standard conditions of the gas supply licence in the gas transporter licences are consistent with the standard conditions of the gas supply licence as amended further to the Supply Licence Review; and
 - (b) to amend standard condition 9 by inserting a definition of the term "domestic supply security standards" to which that condition refers. This definition is currently contained in standard condition 32A of the gas supply licence; but the Authority proposes to remove that definition from the gas supply licence further to the Supply Licence Review.
5. For the avoidance of doubt, the proposed licence modifications do not change the substantive provisions of the standard conditions of the gas transporter licences.
6. The background to the proposed licence modifications, including proposals in relation to the Supply Licence Review, was set out by the Authority in the following documents:
 - (a) Ofgem. June (2007) *Supply Licence Review – Final proposals*, REF 128/07;
 - (b) Ofgem. May (2007) *Supplier Obligation to Use a Meter Asset Manager (MAM)*, Ref 109/07;
 - (c) Ofgem. April (2007) *Location of Domestic Supply Security Standards definition - SLR consequential change*, Ref 103/07;
 - (d) Ofgem. April (2007) *PPM recalibration open letter*, Ref 101/07;

- (e) Ofgem. April (2007) *Eligibility for free gas safety checks, Consultation Letter*, Ref 92/07;
- (f) Ofgem. April (2007) *Supply Licence Review: Proposed modification to Standard Licence Condition 17 of the Gas Supply Licence*, Ref 79/07;
- (g) Ofgem. February (2005) *Reviewing the gas and electricity supply standard licence conditions*, Ref 51/05;
- (h) Ofgem. August (2005) *Gas and Electricity Supply Licence Review - Way Forward*, Ref 187/05;
- (i) Ofgem. March (2006) *Implications for Vulnerable Customers - Consultation Document*, Ref 42/06;
- (j) Ofgem. July (2006) *Supply licence Review - Initial Policy Proposals*. Ref 113/06;
- (k) Ofgem. December (2006) *Supply Licence Review - Further Proposals*, Ref 217/06.

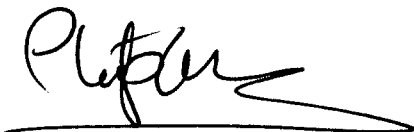
These documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

7. Any representations or objections to the proposed licence modifications may be made before 29 June 2007 and sent to:

Nigel Nash
Ofgem
9 Millbank
London SW1P 3GE

or by e-mail to nigel.nash@ofgem.gov.uk.

8. Only those licensees who are "relevant licence holders" under section 23(12) of the Act may register their formal objection to the proposed modifications; although any person may make representations.
9. Subject to any objections and representations made in relation to the proposed modifications (and not withdrawn), a proposed modification will only be made where the relevant standard condition of the gas supply licence is amended further to the Supply Licence Review.



Philip Davies
Director – GB Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority

1 June 2007

SCHEDULE

PROPOSED MODIFICATION OF THE STANDARD CONDITIONS OF GAS TRANSPORTER LICENCES UNDER SECTION 23 OF THE GAS ACT 1986

The standard conditions of the gas transporter licences are amended in accordance with the table below.

NUMBER	PROPOSED MODIFICATION
1	In standard condition 5 (System Development Obligations), in paragraph 8(c)(iv), for "16 (Exchange of Information between Licensee and Relevant Transporter or Shipper for Operation, Development or Maintenance of Pipeline System and Detection and Prevention of Theft)" substitute "17 (Mandatory exchange of information)".
2	In standard condition 5 (System Development Obligations), in paragraph 8(e), for "paragraph 3(d) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick)", substitute "paragraph 7 of standard condition 26 (Services for specific Domestic Customer groups)".
3	In standard condition 5 (System Development Obligations), in paragraph 8(g), for "17 (Reading, Inspection and Testing of Meters)", substitute "12 (Matters relating to Gas Meters)".
4	In standard condition 5 (System Development Obligations), in paragraph 11, for "29 (Supplier of Last Resort)", substitute "8 (Obligations under Last Resort Supply Direction)".
5	In standard condition 5 (System Development Obligations), paragraph 12 is omitted.
6	In standard condition 6 (Emergency Services and Enquiry Service Obligations), in paragraph 13(a), for "paragraph 2 of standard condition 14 (Security and Emergency Arrangements)" substitute "paragraph 1 of standard condition 16 (Security and emergency arrangements)".
7	In standard condition 6 (Emergency Services and Enquiry Service Obligations), in paragraph 13(b), for "paragraph 3(b) of standard condition 15 (Security and Emergency Arrangements)" substitute "paragraph 4(b) of standard condition 16 (Security and emergency arrangements)".
8	In standard condition 6 (Emergency Services and Enquiry Service Obligations), in paragraph 19(b)(i), for "paragraph 3 of standard condition 15 (Security and Emergency Arrangements)" substitute "paragraph 4 of standard condition 16 (Security and emergency arrangements)".
9	In standard condition 8 (Provision and Return of Meters), in paragraph 6, for "17 (Reading, Inspection and Testing of Meters)", substitute "12 (Matters relating to Gas Meters)".

10	In standard condition 9 (Network Code), in paragraph 1(d), omit "(within the meaning of paragraph 4 of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of Gas Suppliers' licences)".
11	<p>In standard condition 9 (Network Code), after paragraph 1, insert:</p> <p>"1A. In paragraph 1 sub-paragraph (d), "domestic supply security standards" means, subject to paragraph 1B,</p> <p>(a) the availability of a supply of gas which would equal the peak aggregate daily demand for gas by the relevant gas supplier's current domestic customers which, having regard to historical weather data derived from at least the previous 50 years and other relevant factors, is likely to be exceeded (whether on one or more days) only in 1 year out of 20 years; and</p> <p>(b) the availability of supplies of gas-</p> <p>(i) over a year which would equal the aggregate annual demand for gas by those customers; and</p> <p>(ii) over the first six months of a year which would equal the aggregate demand for gas by those customers during such a six month period,</p> <p>which, in each case, having regard to such data as aforesaid and other relevant factors, is likely to be exceeded only in 1 year out of 50 years.</p> <p>1B. For the purposes of paragraph 1A, "daily" means over a period beginning at 6am on one day and ending immediately before 6am on the following day and "year" means a period of 12 months beginning with 1 October; and if, after consultation with all gas suppliers, gas shippers and gas transporters, with the Health and Safety Executive and the Consumer Council, the Authority is satisfied that the domestic supply security standard would be adequate if paragraph 1A were modified-</p> <p>(a) by the substitution, in paragraph 1A(a) or (b), of a reference to data derived from a period of less than the 50 previous years;</p> <p>(b) by the substitution in paragraph 1A(a) of a higher probability than the 1 in 20 years mentioned in that paragraph; or</p> <p>(c) by the substitution in paragraph 1A(b) of a higher probability than the 1 in 50 years mentioned in that paragraph,</p> <p>the Authority may, subject to paragraph 1C, make such modifications by notice which-</p>

	<p>(i) is given and published by the Authority for the purposes of this condition generally; and</p> <p>(ii) specifies the modifications and the date on which they are to take effect.</p> <p>1C. Paragraph 1A(a) shall only be modified if, at the same time, the Authority makes similar modifications to-</p> <p>(a) paragraph 2(b) of standard condition 16 (Pipe-line System Security Standards); and</p> <p>(b) sub-paragraph (b) of the definition of "security standards" in standard condition 1 (Definitions and Interpretation) of the standard conditions of gas shippers' licences".</p>
12	In standard condition 16 (Pipe-Line System Security Standards), in paragraph 1(c), for "paragraph 3 of standard condition 14 (Security and emergency arrangements)" substitute "paragraph 4 of standard condition 16 (Security and emergency arrangements)".
13	In standard condition 16 (Pipe-Line System Security Standards), in paragraph 3(a), for "paragraph 6(b) of standard condition 14 (Security and Emergency Arrangements) and paragraph 5(a) of standard condition 32A (Security of Supply – Domestic Customers) of the standard conditions of gas suppliers' licences", substitute "paragraph 1A(a) of standard condition 9 (Network Code)".
14	In standard condition 28 (Termination of Shipping Arrangements), in paragraph 1, for "24B (Undertaking to be Given by Licensee to Relevant Transporter in Respect of Shipping Charges etc)" substitute "18 (Undertakings to Relevant Gas Transporters)".
15	In standard condition 28 (Termination of Shipping Arrangements), in paragraph 2(c), for "standard condition 15 (Security and emergency arrangements)" substitute "standard condition 16 (Security and emergency arrangements)".
16	In standard condition 48 (Last Resort Supply: Payment Claims), in paragraph 15, for "29 (Supplier of Last Resort)" substitute "1 (Definitions for standard conditions)".
17	In standard condition 48 (Last Resort Supply: Payment Claims), in paragraph 15, for "29A (Supplier of Last Resort Supply Payments)", where it appears, substitute "1 (Definitions for standard conditions)".