

**GAS ACT 1986**  
**SECTION 23(1)(b)**

**MODIFICATION PURSUANT TO SECTION 23 OF THE GAS ACT 1986 OF THE  
STANDARD CONDITIONS OF THE GAS SUPPLY LICENCES GRANTED OR TREATED  
AS GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986.**

**NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD  
CONDITIONS OF GAS SUPPLY LICENCES UNDER SECTION 38A OF THE GAS ACT  
1986.**

Whereas –

1. Each of the companies to whom this modification is addressed holds a gas supply licence granted, or treated as granted, pursuant to section 7A(1) 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") has given notice ("the Notice") on the 7 August 2009 that it proposed to make modifications to the standard conditions of the gas supply licence by:

- a. Amending standard condition 1 ("Definitions for standard conditions")
- b. Inserting new standard condition 7A ("Supply to micro business consumers")
- c. Amending standard condition 14 ("Customer transfer blocking")
- d. Inserting new standard condition 19A ("Financial information reporting")
- e. Amending standard condition 23 ("Notification of Domestic Supply Contract terms")
- f. Replacing standard condition 25 ("Marketing gas to Domestic Customers")
- g. Inserting new standard condition 31A ("Information about gas consumption")

The Notice required any objections or representations to the modification to be made on or before 15 September 2009 ("the relevant date").

3. In accordance with section 38A of the Act, the reasons for making the licence modifications are those stated in the following documents:

- a. Implementation of the Energy Supply Probe Retail Market Remedies, 19 October 2009;
- b. Energy Supply Probe - Proposed Retail Market Remedies (99/09), 7 August 2009;
- c. Amendment to Energy Supply Probe proposals relating to automatic contract rollover for micro business consumers (68/09), 22 June 2009;
- d. Energy Supply Probe – proposed retail market remedies (41/09), 15 April 2009;
- e. Energy Supply Probe – Initial Findings Report (140/08), 6 October 2008.

These documents are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003) or from the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

4. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modifications on or before the relevant date specified in the Notice.

5. On or before the relevant date specified in the Notice, the Authority received 4 responses which constituted formal objections from 12 relevant licence holders. These objections were not withdrawn and related to standard conditions 7A, 19A, 25 and 31A. However, none of the objections triggered either of the relevant minority thresholds (these being 20% of relevant licence holders by number and 20% of relevant licence holders weighted by market share. The status of the objections is explained below.

6. In relation to standard condition 7A the Authority received a response from EDF Energy which constituted formal objections by 3 relevant licence holders. None of these objections were withdrawn. The objections amounted to less than 5% in terms of relevant licence holders by number and less than 10% of relevant licence holders weighted by market share.

7. In relation to standard condition 19A the Authority received a response from RWE npower which constituted formal objections by 8 relevant licence holders. None of these objections were withdrawn. The objections amounted to less than 10% in terms of relevant licence holders by number and less than 15% of relevant licence holders weighted by market share.

8. In relation to standard condition 25 the Authority received a response from ScottishPower which constituted a formal objection by 1 relevant licence holder. This objection was not withdrawn. The objection amounted to less than 5% in terms of relevant licence holders by number and less than 10% of relevant licence holders weighted by market share.

9. In relation to standard condition 31A the Authority received a response from EDF Energy which constituted formal objections by 2 relevant licence holders. None of these objections were treated as withdrawn. The objections amounted to less than 10% in terms of relevant licence holders by number and less than 10% of relevant licence holders weighted by market share.

10. The Authority received 47 representations in relation to the proposed modifications. No representations were withdrawn. The Authority has carefully considered all representations made in relation to the proposed modifications and not withdrawn.

11. Taking the representations into account, the Authority has also decided to make a number of minor amendments to the text of the other modifications in order to correct typographical errors and improve the overall clarity of the standard conditions.

12. All non-confidential representations made in relation to the proposed licence modifications 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](http://www.ofgem.gov.uk).

### **Now therefore**

In accordance with the powers contained in section 23(1)(b) of the Act, the Authority hereby modifies the standard conditions for all gas supply licences in the manner specified in the attached schedules with effect on and from:

- 00:00 hours on 21 October 2009 for standard conditions 1, 19A and 25.
- 00:00 hours on 1 July 2010 for standard condition 31A.
- 00:00 hours on 18 January 2010 for standard conditions 7A, 14 and 23.

This document constitutes a notice of reasons for the decision to modify the standard conditions of the gas supply licences under section 38A of the Act.

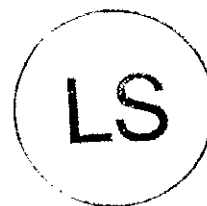
**The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of Andrew Wright**



.....  
**Andrew Wright**

**Senior Partner, Markets**

**Duly Authorised on behalf of the Authority 19 October 2009**





## **Schedule 1**

Standard condition 1 is amended as follows:

1. After the definition of "Notice" insert:

**Outstanding Charges** means the amount of any Charges for the Supply of Gas which are due to the licensee from a Domestic Customer, have been demanded of that Domestic Customer by the licensee in Writing at least 28 days previously and remain unpaid;

2. In the definition of "Writing" after "Communication" insert:

and "**Written**" shall be construed accordingly

## **Schedule 2**

The following text of standard condition 7A is inserted after standard condition 7:

### **Condition 7A. Supply to Micro Business Consumers**

#### **Identification and treatment of Micro Business Consumers**

7A.1 If the licensee intends to:

- (a) enter into a Non-Domestic Supply Contract with a Customer; or
- (b) extend the duration of a Non-Domestic Supply Contract (including the duration of any fixed term period which may form part of a Contract of an indefinite length)

the licensee must either take all reasonable steps to identify whether that Non-Domestic Customer is a Micro Business Consumer, or deem that Non-Domestic Customer to be a Micro Business Consumer.

7A.2 Where any Contract or Contract extension as described in paragraph 7A.1 is entered into with a Non-Domestic Customer that has been identified as, or deemed to be, a Micro Business Consumer, that Contract shall be a "Micro Business Consumer Contract" for the purposes of this Condition.

7A.3 The licensee must not include a term in a Micro Business Consumer Contract which enables it to terminate the Contract or apply different terms and conditions to that Contract during a fixed term period on the grounds that the Customer no longer satisfies the definition of Micro Business Consumer.

#### **Notification of Micro Business Consumer Contract terms and other information**

7A.4 Before the licensee enters into a Micro Business Consumer Contract, it must take all reasonable steps to bring the following information to the attention of the Micro Business Consumer and ensure that the information is communicated in plain and intelligible language:

- (a) a statement to the effect that the licensee is seeking to enter into a legally binding Contract with the Micro Business Consumer; and
- (b) the Principal Terms of the proposed Contract.

7A.5 The licensee must ensure that all the express terms and conditions of a Micro Business Consumer Contract are:

- (a) set out in Writing; and
- (b) drafted in plain and intelligible language.

7A.6 Where the licensee enters into, or extends the duration of, a Micro Business Consumer Contract for a fixed term period, it must prepare a statement (hereafter referred to as a "Statement of Renewal Terms") which:

- (a) is set out in Writing;
- (b) is drafted in plain and intelligible language;
- (c) displays the following information in a prominent manner:

- (i) the date the fixed term period is due to end, or if that date is not ascertainable the duration of the fixed term period;
- (ii) the Relevant Date, or if not known at the time of providing the Statement of Renewal Terms, a description of how the Relevant Date will be calculated by reference to the end of the fixed term period;
- (iii) a statement to the effect that the Micro Business Consumer may send a notification in Writing to the licensee at any time before the Relevant Date in order to prevent the licensee from extending the duration of the Micro Business Consumer Contract for a further fixed term period;
- (iv) a postal and Electronic Communication address to which the Customer may send a notification in Writing for that purpose; and
- (v) a statement explaining the consequences of the Micro Business Consumer not renewing the Micro Business Consumer Contract or agreeing a new Contract before the Relevant Date.

7A.7 Where the licensee enters into or extends the duration (including the duration of any fixed term period) of a Micro Business Consumer Contract, it must take all reasonable steps to provide the Micro Business Consumer with the following information within 10 days, or do so as soon as reasonably practicable thereafter:

- (a) a copy of all the express terms and conditions of the Micro Business Consumer Contract; and
- (b) if the Micro Business Consumer Contract contains a fixed term period, the Statement of Renewal Terms.

7A.8 On or about 30 days before the Relevant Date, the licensee must provide the Micro Business Consumer with:

- (a) the Statement of Renewal Terms (unless the licensee has already prevented the Micro Business Consumer from extending the duration of the Micro Business Consumer Contract);
- (b) a copy of any relevant Principal Terms that might apply to the Micro Business Consumer after the fixed term period of the Micro Business Consumer Contract ends, including:
  - (i) terms that would apply in the event the Customer does nothing;
  - (ii) terms that would apply if the Customer sends (or has already sent) a notification in Writing before the Relevant Date to prevent renewal of the Micro Business Consumer Contract but does not appoint another supplier.

7A.9 Where pursuant to paragraph 7A.8 the licensee is required to provide a Micro Business Consumer with any relevant Principal Terms, it must ensure that the Principal Terms are:

- (a) set out in Writing; and
- (b) drafted in plain and intelligible language.

7A.10 Where pursuant to paragraph 7A.8(b) the licensee provides a Micro Business Consumer with any offers of terms that relate to Charges for the Supply of Gas, it must ensure that at least one offer is made in Writing which may be accepted at any time before the Relevant Date.

#### **Length of notice periods in Micro Business Consumer Contracts**

7A.11 The notice period for termination of a Micro Business Consumer Contract must be no longer than 90 days.

7A.12 Paragraph 7A.11 is without prejudice to the licensee's ability to enter into a Micro Business Consumer Contract with a Customer for a fixed term period which is longer than 90 days.

#### **Extending the duration of Micro Business Consumer Contracts**

7A.13 Where the licensee has entered into a Micro Business Consumer Contract for a fixed term period, it may only extend the duration of that Contract for a further fixed term period if:

- (a) it has complied with paragraphs 7A.7 and 7A.8;
- (b) the Micro Business Consumer has not sent the licensee a notification in Writing before the Relevant Date in order to prevent it from extending the duration of the Micro Business Consumer Contract for a further fixed term period; and
- (c) the duration of the further fixed term period is 12 months or less.

#### **Definitions for condition**

7A.14 In this condition:

"Micro Business Consumer"	has the meaning given to "relevant consumer" (in respect of premises other than domestic premises) in article 2(1) of The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268);
"Relevant Date"	means the date which is at least 30 days, and no longer than 90 days, before the date any fixed term period of a Micro Business Consumer Contract is due to end.



### **Schedule 3**

A version of standard condition 14 which incorporates the modifications is set out below:

#### **Condition 14. Customer transfer blocking**

##### **General prohibition**

14.1 The licensee must not ask or allow a Relevant Gas Shipper to prevent a Proposed Supplier Transfer except in accordance with the provisions of this condition.

##### **Non-Domestic Customer transfer blocking**

14.2 The licensee may ask or allow the Relevant Gas Shipper to prevent a Proposed Supplier Transfer in relation to a Non-Domestic Customer at any Non-Domestic Premises at which the licensee is the Relevant Gas Supplier in any of the following circumstances:

- (a) at the time the licensee receives Notice under the Network Code by way of the Relevant Gas Shipper that another Gas Supplier has applied under the requirements of the Network Code to supply the premises, the licensee's Contract with that customer for the supply of gas to the premises includes a term which:
  - (i) allows the licensee to prevent the Proposed Supplier Transfer; and
  - (ii) may be relied upon in the circumstances arising at that time;
- (b) the Gas Supplier that initiated the Proposed Supplier Transfer has agreed with the licensee that the transfer was initiated in error; or
- (c) in relation to a Contract entered into between the licensee and that customer before 5 January 2004 for the supply of gas to the premises which does not allow the licensee to prevent a Proposed Supplier Transfer:
  - (i) the customer has not paid Charges for the Supply of Gas to the premises or any other premises previously occupied by him which are due to the licensee, have been demanded in writing, have not been paid within 28 days after the demand was made and continue to be unpaid; or
  - (ii) the customer is bound by the provisions of that Contract and it will not end on or before the date of the Proposed Supplier Transfer.

14.3 If the licensee asks the Relevant Gas Shipper to prevent a Proposed Supplier Transfer of a Non-Domestic Customer, it must give a Notice to that customer to inform him:

- (a) that it has made a request to prevent the transfer;
- (b) of the grounds for the request; and
- (c) how the customer may dispute or resolve such grounds,  
as soon as reasonably practicable after making the request.

##### **Domestic Customer transfer blocking**

14.4 The licensee may ask or allow the Relevant Gas Shipper to prevent a Proposed Supplier Transfer in relation to a Domestic Customer at a Domestic Premises at which the licensee is the Relevant Gas Supplier in any of the following circumstances:

- (a) subject to paragraphs 14.5 and 14.7, if at the time the request is made Outstanding Charges are due to the licensee from that Domestic Customer;
- (b) the Gas Supplier that initiated the Proposed Supplier Transfer has agreed with the licensee that the transfer was initiated in error;
- (c) the customer informs the licensee that he has not entered into a Contract with the proposed new Gas Supplier and asks the licensee to prevent the Proposed Supplier Transfer from taking place; or
- (d) the customer is bound by the provisions of a Contract with the licensee for the supply of gas to the premises which will not end on or before the date of the Proposed Supplier Transfer and that Contract is of a kind specified in a direction issued by the Authority.

14.5 The licensee may not ask the Relevant Gas Shipper to prevent a Proposed Supplier Transfer in relation to a Domestic Customer at a Domestic Premises at which the licensee is the Relevant Gas Supplier if the relevant Domestic Customer's Domestic Premises is being supplied with gas through a prepayment meter and:

- (a) the Domestic Customer has agreed with the proposed new Gas Supplier that any Outstanding Charges may be assigned by the licensee in accordance with the Protocol; or
- (b) the licensee, having increased the Charges for the Supply of Gas to the relevant Domestic Premises, has not taken all reasonable steps to reset the relevant prepayment meter within a reasonable period of time after that increase has effect to take account of the increase and the Outstanding Charges (which may have accumulated over time) relate only to the increase and are equal to all or part of it.

14.6 The licensee shall ensure that Outstanding Charges of amounts equal to or less than £200 are capable of being assigned by the licensee to a new Gas Supplier in accordance with the Protocol.

14.7 The licensee may not ask the Relevant Gas Shipper to prevent a Proposed Supplier Transfer in relation to a Domestic Customer at a Domestic Premises in accordance with sub-paragraph 14.4(a) if the licensee knows or has reason to believe that the relevant Outstanding Charges are made up in their entirety of a Disputed Amount and/or a Supplier Error Amount and the operational functioning or management of the licensee's business is such that it is reasonably practicable for the licensee not to make the request in these circumstances.

14.8 If the licensee asks the Relevant Gas Shipper to prevent a Proposed Supplier Transfer in relation to a Domestic Customer at a Domestic Premises in accordance with sub-paragraph 14.4(a) and the licensee subsequently becomes aware that the Outstanding Charges which are relevant to that Domestic Customer are made up in their entirety of a Disputed Amount and/or a Supplier Error Amount, the licensee

must, save where the relevant Domestic Customer makes a request in Writing that it should not do so, take such steps as are necessary and within its reasonable control to facilitate the Proposed Supplier Transfer.

14.9 If the licensee asks the Relevant Gas Shipper to prevent a Proposed Supplier Transfer of a Domestic Customer, it must give a Notice to that customer as soon as reasonably practicable after making the request:

- (a) to inform him or her:
  - (i) that it has made a request to prevent the transfer;
  - (ii) of the grounds for the request; and
  - (iii) how the customer may dispute or resolve such grounds; and
- (b) to offer him or her advice (or to give them information on how and where advice may be obtained) concerning:
  - (i) energy efficiency;
  - (ii) debt management; and
  - (iii) alternative Domestic Supply Contracts offered by the licensee which would be available to that Domestic Customer and which may be preferable to their existing Domestic Supply Contract; and
- (c) to inform him or her that they have 30 Working Days after they receive the Notice to pay any Outstanding Charges where:
  - (i) the Domestic Customer notified the licensee of their intention to end the Domestic Supply Contract following Notice of a unilateral variation from the licensee under paragraph 3 of standard condition 23; and
  - (ii) the Notice of unilateral variation was given either less than 5 working days in advance of the date on which the variation has effect or after the date on which the variation has effect.

14.10 If sub-paragraph 14.4(c) applies and the licensee has agreed to prevent a Proposed Supplier Transfer at the Domestic Customer's request, the licensee must:

- (a) keep evidence of that request and of the reasons for it for at least 12 months after the request is made; and
- (b) inform the proposed new Gas Supplier:
  - (i) that the objection has been raised at the customer's request; and
  - (ii) of the reason given by the customer for making the request,

as soon as reasonably practicable after the licensee asks the Relevant Gas Shipper to prevent the transfer.

14.11 Sub-paragraph 14.4(d) will stop having effect on and from 1 April 2008 unless, before that date, the Authority issues a direction providing that the sub-paragraph will continue to have effect for a further period of time.

**Definitions for condition**

14.12 For the purposes of this condition:

"Disputed Amount" means the amount of any Charges for the Supply of Gas which is the subject of a Genuine Dispute between the licensee and a Domestic Customer.

"Genuine Dispute" means a genuine dispute between the licensee and a Domestic Customer as to whether that Domestic Customer is liable to pay certain Charges for the Supply of Gas which have been demanded of that Domestic Customer by the licensee.

"Supplier Error Amount" means the amount of any Charges for the Supply of Gas which are not Disputed Amounts and which have accumulated as a result of an error on the part of the licensee, its equipment or its systems.

#### **Schedule 4**

The following text of standard condition 19A is inserted after standard condition 19:

#### **Condition 19A. Financial information reporting**

- 19A.1. The Relevant Licensee must prepare and publish on its Website a Consolidated Segmental Statement in respect of information relating to the revenues, costs and profits of the licensee's activities in the generation and supply of electricity and the supply of gas to any premises taking account of the Guidelines.
- 19A.2. Where applicable, the Relevant Licensee must prepare and publish the Consolidated Segmental Statement referred to in paragraph 19A.1 in conjunction with any Affiliates (the "Relevant Affiliates") which hold any or all of the following:
- (a) a supply licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989;
  - (b) a generation licence granted or treated as granted under section 6(1)(a) of the Electricity Act 1989;
  - (c) a supply licence granted or treated as granted under section 7A(1) of the Act.
- 19A.3. The Relevant Licensee must in conjunction with the Relevant Affiliates prepare and publish a Consolidated Segmental Statement no later than six months after the end of the licensee's financial year.
- 19A.4. The Relevant Licensee may for the purpose of preparing the statement referred to in paragraph 19A.3 prepare and compile the information according to the licensee's annual accounting procedures. The licensee must include in every such statement an explanation:
- (a) of how the licensee defines the terms revenues, cost and profits;
  - (b) of how the revenues, costs, and profits can be reconciled with the licensee's UK statutory accounts and where applicable the consolidated group accounts; and
  - (c) of the licensee's transfer pricing methodology and how this relates to the revenues, costs and profit information published.
- 19A.5. The Relevant Licensee must ensure that all the information prepared and made public is in all material respects consistent with the information prepared pursuant to paragraph 19A.4 and the information is presented with a clear and full explanation.
- 19A.6. The Authority shall prepare Guidelines in relation to the requirements of this condition and may modify, in whole or in part, the Guidelines following consultation with the Relevant Licensees.
- 19A.7. For the purposes of this condition:
- "Affiliate" in relation to the licensee means any holding company or subsidiary of a holding company of the licensee, in each case within the meaning of sections 736, 736A and 736B of the Companies Act 1985.
- "Consolidated Segmental Statement" means a statement as described in the Guidelines.

"Guidelines" mean the document prepared by the Authority pursuant to standard condition 19A.6 setting out the nature of the information required and the template for the presentation of the financial information.

"Relevant Licensee" means the holder of a supply licence granted or treated as granted under section 7A(1) of the Act if:

- (a) any of the licensee's Affiliates holds a generation licence granted or treated as granted under section 6(1)(a) of the Electricity Act 1989; and
- (b) the licensee, together with any of its Affiliates, jointly supplies gas to more than 50,000 customers.

## **Schedule 5**

A version of standard condition 23 which incorporates the modifications is set out below:

### **Condition 23. Notification of Domestic Supply Contract terms**

#### **Notification of Principal Terms**

23.1 Before it enters into a Domestic Supply Contract with a Domestic Customer, the licensee must take all reasonable steps to bring the Principal Terms of that contract to the attention of that customer.

#### **Notification before Domestic Supply Contract ends**

23.2 On or about 30 Working Days before a Domestic Supply Contract is due to end, the licensee must inform the Domestic Customer (who is party to that contract) in Writing of the Principal Terms of the Deemed Contract that will apply after the Domestic Supply Contract ends if he does not enter into a new Domestic Supply Contract.

#### **Notification of unilateral variation**

23.3 If, in accordance with the terms of a Domestic Supply Contract with a Domestic Customer, the licensee unilaterally varies a term of the contract:

- (a) to increase the Charges for the Supply of Gas to a Domestic Premises; or
  - (b) in any other way that is to the significant disadvantage of the customer,
- the licensee must give Notice of that variation to the customer in accordance with paragraph 23.4.

23.4 The Notice referred to in paragraph 23.3 must:

- (a) be given either in advance of the date on which the variation has effect or no later than the end of 65 Working Days after the date on which the variation has effect;
- (b) inform the Domestic Customer that he may end the Domestic Supply Contract if the variation is unacceptable to him;
- (c) inform the Domestic Customer where he may obtain impartial advice and information about changing his Gas Supplier;
- (d) inform the Domestic Customer that where he has any Outstanding Charges, his Gas Supplier may be able to prevent a Proposed Supply Transfer; and
- (e) explain the effect of paragraph 23.6.

23.5 The licensee must present the information required in paragraph 23.4 in a form that is clear and easy to understand and must place the information required in sub-paragraphs 23.4 (b) and (c) in a prominent position on the Notice.

23.6 The licensee must treat the variation as ineffective and neither enforce nor take advantage of it where –

- (a) the Domestic Customer notifies the licensee after he becomes aware (by any means) of the variation but no later than 20 Working Days after the date on

which he receives Notice given under paragraph 23.3 that he is ending the Domestic Supply Contract; and

- (b) no later than 15 Working Days after the Domestic Customer has notified the licensee in accordance with sub-paragraph 23.6 (a), the licensee receives Notice under the Network Code by way of the Relevant Gas Shipper that another Gas Supplier will begin to supply the Domestic Customer's Domestic Premises within a reasonable period of time after the date on which that Notice has been given; or
- (c) where the Notice of variation referred to in paragraph 23.3 is given either less than 5 Working Days in advance of the date on which the variation has effect or after the date on which the variation has effect; and
  - (i) the conditions in sub-paragraphs 23.6 (a) and (b) are met; and
  - (ii) the Domestic Customer has paid any Outstanding Charges within 30 Working Days after the Domestic Customer receives Notice that the licensee intends blocking the Domestic Customer's Proposed Supplier Transfer.

23.7 The licensee is not required to comply with paragraph 23.3 to such extent as the Authority may direct.



## **Schedule 6**

A version of standard condition 25 which incorporates the modifications is set out below:

### **Condition 25. Marketing gas to Domestic Customers**

#### **Objective and obligation to achieve it**

25.1 The objective of this licence condition (the "Objective") is to ensure that:

- (a) all information which the licensee or any Representative provides (whether in Writing, by electronic display or orally) to Domestic Customers in the course of the licensee's Marketing Activities and/or its Telesales Activities is complete and accurate, is capable of being easily understood by Domestic Customers, does not relate to products which are inappropriate to the Domestic Customer to whom it is directed, does not mislead the Domestic Customer to whom it is directed and is otherwise fair both in terms of its content and in terms of how it is presented (with more important information being given appropriate prominence); and
- (b) the licensee's Marketing Activities and Telesales Activities and all contact by the licensee or a Representative with, and the behaviour of the licensee and any Representative towards, a Domestic Customer in the course of the licensee's Marketing Activities and/or Telesales Activities are conducted in a fair, transparent, appropriate and professional manner.

25.2 The licensee shall take all reasonable steps:

- (a) to secure the achievement of the Objective; and
- (b) to avoid doing anything which jeopardises its ability to achieve the Objective.

25.3 The steps which the licensee shall take to secure the achievement of the Objective in respect of its Marketing Activities shall include, without limitation, the steps which are detailed at paragraphs 25.5 to 25.16 of this licence condition.

25.4 The licensee shall:

- (a) subject to sub-paragraph 25.4(b), comply with paragraph 25.2 with immediate effect; and
- (b) comply with paragraph 25.3 with effect on and from 18 January 2010.

#### **Selection and training**

25.5 The licensee shall:

- (a) put in place and follow procedures which are appropriate for the selection of staff or other Representatives who are employed or engaged in roles which involve, might involve or will involve communication with Domestic Customers for the purpose of its Marketing Activities;
- (b) provide or procure appropriate training for all staff or other Representatives who communicate with Domestic Customers for the purposes of the licensee's Marketing Activities, which training should include, but not be

limited to, training about the licensee's obligations insofar as they affect Domestic Customers, including its obligations under this licence condition;

- (c) take all reasonable steps to ensure that:
  - (i) a Domestic Customer may readily identify the licensee whenever that Domestic Customer is contacted by the licensee or a Representative;
  - (ii) if the Domestic Customer enters into a Domestic Supply Contract with the licensee, that Domestic Customer will readily understand that they have done so; and
  - (iii) any unsolicited contact made by the licensee or a Representative with any Domestic Customer takes place at a reasonable time.

### **Pre-contract obligations**

25.6 Where the licensee offers to enter into a Domestic Supply Contract with a Domestic Customer in the course of its Marketing Activities, the licensee must at the time it makes the offer and before entering into a Domestic Supply Contract with that Domestic Customer:

- (a) provide to that Domestic Customer, in Writing or by means of electronic display, an estimate of the total annual Charges for the Supply of Gas which would be payable by that Domestic Customer under the Offered Domestic Supply Contract; and
- (b) where:
  - (i) the Domestic Customer is, at the time the offer is made, being supplied with gas through a prepayment meter; or
  - (ii) the licensee or a Representative has indicated to a Domestic Customer that the Charges for the Supply of Gas that would be payable under the Offered Domestic Supply Contract are lower than the Charges for the Supply of Gas that are payable under the Domestic Supply Contract pursuant to which the relevant Domestic Customer receives its supply of gas at the time the offer is made,

provide to that Domestic Customer, in Writing or by means of electronic display, a comparison of the Charges for the Supply of Gas that would be payable under the Offered Domestic Supply Contract and the Charges for the Supply of Gas that are payable under the Domestic Supply Contract pursuant to which the relevant Domestic Customer receives their supply of gas at the time the offer is made. Where a Domestic Customer who falls within the scope of sub-paragraph 25.6(b)(i) is unable or unwilling to provide details of the Charges for Supply of Gas that are payable under their existing Domestic Supply Contract, the licensee shall base any comparison which it is required to provide in accordance with this sub-paragraph on its best estimate of those Charges for the Supply of Gas having regard to any relevant information that is available to the licensee at the time the comparison is prepared.

25.7 Any estimate provided in accordance with sub-paragraph 25.6(a) must:

- (a) take account of the relevant Domestic Customer's annual consumption or, where the relevant Domestic Customer's annual consumption is not known to, and cannot reasonably be ascertained by, the licensee, be based on the licensee's best estimate of the relevant Domestic Customer's annual consumption having regard to any relevant information that is available to the licensee at the time the estimate is prepared;
- (b) where it is based on an estimate of the relevant Domestic Customer's annual consumption, clearly set out, in Writing or by means of electronic display, the basis for any such estimated annual consumption; and
- (c) where the licensee or a Representative, when discussing an Offered Domestic Supply Contract with a Domestic Customer, makes any representation concerning the amount of any regular direct debit payment that is to be made in accordance with the Offered Domestic Supply Contract, include a clear explanation of how the proposed regular direct debit payment amounts have been calculated and how those amounts relate to the total annual Charges for the Supply of Gas which the licensee estimates will be payable under the Offered Domestic Supply Contract.

25.8 Any comparison of Charges for the Supply of Gas undertaken in accordance with sub-paragraph 25.6(b) must:

- (a) be undertaken (and explained to the relevant Domestic Customer) on a like for like basis. For these purposes, this will mean that the comparison of Charges for the Supply of Gas must be based on the same time period (which will usually be one year) and the same consumption level (whether based on the relevant Domestic Customer's actual consumption or the licensee's best estimate of that consumption); and
- (b) itemise clearly and explain any other relevant differences between the Offered Domestic Supply Contract and, subject to sub-paragraph 25.6(b), the relevant Domestic Customer's existing Domestic Supply Contract, including any discounts and/or differences in charges associated with different payment methods.

25.9 Where the licensee provides to a Domestic Customer an estimate and/or a comparison in accordance with paragraph 25.6, the licensee must, either at the time that it provides the estimate and/or comparison or as soon as reasonably practicable thereafter, provide to the relevant Domestic Customer a Written copy of that estimate and/or comparison, as appropriate, which the Domestic Customer can retain for their records. This obligation does not apply where the Domestic Customer does not subsequently accept or enter into the Domestic Supply Contract to which the estimate and/or comparison relate(s).

25.10 Where a Domestic Customer to whom the licensee has provided an estimate or a comparison in accordance with this licence condition enters into a Domestic Supply Contract with the licensee, the licensee must maintain a record of the information which it provided to that Domestic Customer concerning that Domestic Supply Contract in accordance with this licence condition for a period of 2 years.

### **Obligations at time of contract**

25.11 Where the licensee enters into a Domestic Supply Contract with a Domestic Customer, the licensee shall, either at the time that the Domestic Supply Contract is entered into or as soon as reasonably practicable thereafter, provide to that Domestic Customer all the information which the licensee reasonably considers the Domestic Customer would need having regard to the Objective and the licensee's obligation to secure compliance with the same.

25.12 The information which the licensee shall provide in accordance with paragraph 25.11 shall include but not be limited to:

- (a) a copy of the Domestic Supply Contract (which shall be consistent in all respects with the Offered Domestic Supply Contract) which the licensee and that Domestic Customer have entered into;
- (b) an explanation of what happens next now that the Domestic Customer has entered into a Domestic Supply Contract;
- (c) a reminder to that Domestic Customer to check that the product they have signed up to is appropriate for them, including details of where to find impartial advice and information;
- (d) information about any right for the Domestic Customer to cancel the Domestic Supply Contract; and
- (e) information about what the Domestic Customer can do if they have any concerns, including details of how Consumer Direct can be contacted.

### **Contact with Domestic Customers after Contract**

25.13 The licensee must comply with the requirements of paragraphs 25.14 and 25.15 where a Domestic Supply Contract has been entered into by a Domestic Customer in the course of:

- (a) a visit to that Domestic Customer's premises by a Representative; or
- (b) a conversation, in a place to which the public have access, between a Representative and a Domestic Customer.

25.14 Where a Domestic Supply Contract is entered into in the circumstances described in paragraph 25.13, the licensee must, within a period of 14 days after entering into the Domestic Supply Contract, take all reasonable steps to contact the Domestic Customer, through a Representative of the licensee who is not engaged in activities leading to the making of Domestic Supply Contracts between the licensee and Domestic Customers, by telephone or in Writing to seek confirmation that the Domestic Customer:

- (a) understands that he or she has entered into a Domestic Supply Contract;
- (b) understands the Principal Terms of that Domestic Supply Contract;
- (c) is content to have entered into that Domestic Supply Contract;
- (d) has received the estimate and, where appropriate, the comparison required by paragraph 25.6; and

- (e) is content with the information provided by the licensee and/or, as appropriate, a Representative and is otherwise content with the way in which the Marketing Activities of the licensee were conducted.

25.15 Where, in the course of contact as required by paragraph 25.14, the Domestic Customer indicates that he or she is not content to have entered into the Domestic Supply Contract and wishes to end it, the licensee must take all reasonable steps to ensure:

- (a) that the Domestic Supply Contract is ended; and
- (b) where reasonably practicable, that the licensee does not begin a supply of gas to the relevant Domestic Customer.

### **Management arrangements**

25.16 The licensee must take all reasonable steps to establish management arrangements that facilitate the licensee's compliance with its obligations under this condition, including, as appropriate, steps to ensure that any agents and subcontractors of the licensee establish equivalent arrangements.

### **Definitions for condition**

25.17 For the purposes of this condition:

"Objective" has the meaning given to it in paragraph 25.1 of this condition.

"Offered Domestic Supply Contract" means any offer to contract, including the terms of such offer, which the licensee or a Representative makes to a Domestic Customer concerning a supply of gas to that Domestic Customer at Domestic Premises.

"Telesales Activities" means any activities of the licensee that are:

- (a) conducted by telephone; and
- (b) directed at or incidental to identifying and communicating with Domestic Customers for the purpose of promoting the licensee's Domestic Supply Contracts to them and includes entering into such contracts with such customers.

## **Schedule 7**

A version of standard condition 31A which incorporates the modifications is set out below:

### **Condition 31A. Information about gas consumption patterns**

31.A.1 The licensee must provide the information contained in paragraph 31.A.2 -

- (a) on every Bill or statement of account sent to a Domestic Customer; and
- (b) where there is an increase to the Charges for the Supply of Gas, to every Domestic Customer who does not receive a Bill or statement of account at least once in every three months, within 65 Working Days of the date of the Notice of each increase.

31.A.2 The information provided for in paragraph 31.A.1 is -

- (a) subject to paragraph 31.A.3, a comparison of the Domestic Customer's gas consumption for the period covered by the Bill or statement of account, with the Domestic Customer's gas consumption for the corresponding period in the previous year (for the purposes of this condition, the "corresponding period");
- (b) the Domestic Customer's Exact Tariff Name;
- (c) except where a Domestic Customer has held their Domestic Supply Contract for less than 12 months -
  - (i) the quantity of gas supplied to the Domestic Customer's Domestic Premises during the previous 12 months; and
  - (ii) an illustrative projection of the cost in pounds sterling of the quantity of gas supplied to the Domestic Customer's Domestic Premises for the forthcoming 12 months assuming those premises are supplied with the same quantity of gas as during the previous 12 months.

31.A.3 The requirement in sub-paragraph 31.A.2(a) only applies if the licensee has been contracted to supply gas to the same Domestic Customer at the same Domestic Premises throughout the period:

- (a) commencing with the start of the corresponding period; and
- (b) ending with the end of the period to which the Bill or statement of account relates.

31.A.4 The licensee must provide the following information to every Domestic Customer once in every 12 month period -

- (a) the Domestic Customer's Exact Tariff Name;
- (b) except where the Domestic Customer has held their Domestic Supply Contract for less than 12 months -
  - (i) the quantity of gas supplied to the Domestic Customer's Domestic Premises during the previous 12 months;

- (ii) an illustrative projection of the cost in pounds sterling of the quantity of gas supplied to the Domestic Customer's Domestic Premises for the forthcoming 12 months assuming those premises are supplied with the same quantity of gas as during the previous 12 months;
- (c) details of any premium or discount that applies to the Domestic Customer's tariff as compared to the Gas Supplier's standard tariff where payment is by direct debit;
- (d) details of the Relevant Principal Terms of the Domestic Customer's Domestic Supply Contract;
- (e) a reminder in a prominent position that the Domestic Customer may change their Gas Supplier; and
- (f) information about where the Domestic Customer may obtain impartial advice and information about changing their Gas Supplier.

31.A.5 The licensee must:

- (a) present the information in a form that is clear and easy to understand which does not mislead the Domestic Customer to whom it is directed and is otherwise fair both in terms of its content and in terms of how it is presented;
- (b) when providing information about the quantity of gas supplied or to be supplied in accordance with paragraphs 31.A.2 or 4, include details of any time of use tariffs which may apply to the Domestic Supply Contract;
- (c) make it clear on the Bill, statement of account or Notice whether any estimates of the Domestic Customer's gas consumption have been used in producing the information; and
- (d) when providing an illustrative projection of costs under paragraphs 31.A.2 or 4, set out the Charges for the Supply of Gas that have been used.

31.A.6 The licensee must send the first Annual Statement on or before 31 December 2010 to every existing Domestic Customer who has held their Domestic Supply Contract with the licensee for at least 12 months on 1 April 2010.

31.A.7 For the purposes of this condition:

"Annual Statement" means the information to be provided by the licensee to a Domestic Customer in accordance with standard condition 31A.4.

"Exact Tariff Name" means the full and exact name of the tariff that is used to calculate Charges for the Supply of Gas under the relevant Domestic Supply Contract.

"Relevant 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;
- (b) the duration of the Contract or Deemed Contract;
- (c) 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
- (d) any other terms that may reasonably be considered to significantly affect the evaluation by the Customer whether to change their gas supplier.