

GAS ACT 1986
SECTION 23(1)(b)

MODIFICATION PURSUANT TO SECTION 23(1)(b) 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 THE GAS SUPPLY LICENCES UNDER SECTION 38A OF THE GAS ACT 1986.

WHEREAS:

1. Each of the companies to whom this notice 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") gave notice on the 9 February 2011 ("the Notice") that it proposed to make modifications to the standard conditions of the gas supply licences by:

- a. amending sub-paragraphs 4(a), 4(b), 6(a) and 6(c) of standard condition 23 ('Notification of Domestic Supply Contract terms');
- b. amending subparagraph 9(c) of standard condition 14 ('Customer Transfer Blocking'); and
- c. amending paragraph 3 of standard condition 24 ('Termination of Domestic Supply Contracts').

The Notice required any objections or representations to the modification to be made on or before 14 March 2011 ("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. Decision to make modifications to standard conditions 23, 14 and 24 of the gas and electricity supply licence (43/11), 28 March 2011;
- b. Final Impact Assessment: Proposed modifications of Standard Licence Condition 23 (SLC 23) of the gas and electricity domestic supply licences and consequential proposals (14a/11), 9 February 2011;
- c. Consultation on draft impact assessment of proposed modifications of Standard Licence Condition 23 of the gas and electricity domestic supply licences: period for notifying unilateral contract variations and other consequential issues (149/10), 01 December 2010;
- d. Consultation on proposals for amending Standard Licence Condition 23 (127/10), 01 October 2010;
- e. Consultation: Supply Licence Condition 23 - Period for notifying unilateral contract variations and related matters, 31 March 2010;
- f. Energy Supply Probe - Proposed Retail Market Remedies (99/09), 07 August 2009;

- g. Energy Supply Probe – Proposed Retail Market Remedies (41/09), 15 April 2009;
- h. Ofgem’s published consultation letter titled “65 day notice period for unilateral contract variations”, 20 February 2009;
- i. Energy Supply Probe – Initial Findings Report (140/08), 06 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.

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. The Authority did not receive any objections in relation to the proposed modifications.

6. The Authority received 7 representations in relation to the proposed modifications. No representations were withdrawn. The Authority has carefully considered the representations made and has decided to proceed with all the modifications proposed in the Notice without further amendment.

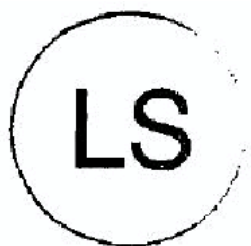
7. All non-confidential representations made in relation to the proposed licence modifications are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at www.ofgem.gov.uk.

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 schedule with effect on and from 00:00 hours on 28 April 2011.

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 Ian Marlee



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Ian Marlee
Partner, GB Markets
Duly Authorised on behalf of the Authority 28 March 2011

SCHEDULE

MODIFICATION PURSUANT TO SECTION 23(1)(b) 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.

1. Modifications to standard condition 23:

The text below which is highlighted by track changes constitutes the modifications to standard condition 23 (insertions are shown by underlined text and deletions are shown by strikethrough text):

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 at least 30 days 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 by changing his Gas Supplier;
 - (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 on or before but no later than 20 Working Days after the date on which he receives Notice given under paragraph 23.3 the variation has effect that he is ending the Domestic Supply Contract by changing his Gas Supplier; 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 received 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 to ask or allow the Relevant Gas Shipper to prevent 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.

2. Modifications to paragraph 9 of standard condition 14:

The text below which is highlighted by track changes constitutes the modifications to paragraph 9 of standard condition 14 (insertions are shown by underlined text and deletions are shown by strikethrough text):

If the licensee asks or allows 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 Contract 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~~+~~

~~(+)~~ 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.~~

3. Modifications to paragraph 3 of standard condition 24:

The text below which is highlighted by track changes constitutes the modifications to paragraph 3 of standard condition 24 (insertions are shown by underlined text and deletions are shown by strikethrough text):

The licensee may include a term in a Domestic Supply Contract requiring a Domestic Customer to pay a Termination Fee to end that contract except in any of the following circumstances:

(a) the contract is of an indefinite length;

(b) without prejudice to sub-paragraph (a), the contract allows for both a fixed term period and a period of indefinite length and it is brought to an end during the period of indefinite length; or

(c) the licensee gives Notice of a unilateral variation of a term of the contract in accordance with paragraph 3 of standard condition 23 (Notification of Domestic Supply Contract terms) and sub-paragraph ~~5~~ 6(a) of that condition binds the licensee.