

To: The holders of a Gas Supply Licence

MODIFICATION OF STANDARD CONDITION 1, 12 AND 30 OF THE GAS SUPPLY LICENCE UNDER SECTION 23(1) OF THE GAS ACT 1986

Whereas:

1. In accordance with section 23(2) of the Gas Act 1986 ("the Act") the Gas and Electricity Markets Authority ("the Authority") gave notice on 29 March 2012 ("the Notice")¹ that it proposed to modify Standard Condition 1 (Definitions for standard conditions), Standard Condition 12 (Matters relating to Gas Meters) and Standard Condition 30 (Supply Point Administration Agreement) of the Gas Supply Licence ("the Licence") in the manner set out in the schedule to the Notice.
2. As stated in the Notice, the effect of the proposed modification(s) is that the role of approving gas meter asset managers (MAMs) moves from Ofgem and is instead made under the terms of the SPAA. It will facilitate the ongoing operation of the approval scheme and the development of suitable governance arrangements. This will enable the MAM approval arrangements to be amended if appropriate, to address areas of change industry has already identified, and future changes for the transition to the smart meters.
3. The Authority received eight responses to the Notice². Six respondents supported the licence changes, one offered no opinion and another agreed that the proposed changes give effect to the transfer of the role, but questioned why Ofgem was proposing to do this at the current time. The Authority has considered the responses made in relation to the proposed licence modifications.
4. In accordance with section 23(4)(b)(ii) of the Act, the Authority sent a copy of the Notice to the Secretary of State. The Authority has not received a direction not to make the modifications from the Secretary of State.
5. The Authority has decided to make the proposed licence modifications. The Authority's reasons for modifying Standard Condition 1, Standard Condition 8 and Standard Condition 30 are as set out in our decision letter of 29 March 2012 and the letter published alongside this notice³. The Authority considers that the modifications will facilitate the ongoing operation of the approval scheme and the development of suitable governance arrangements. This will enable the MAM approval arrangements to be amended if appropriate, to address areas of change industry has already identified and future changes for the transition to smart meters. We consider that transferring the role is in the interest of consumers and is consistent with our broader duties and the principles of better regulation.
6. We made minor changes to the licence drafting consulted on and these are highlighted in the schedule to this Modification.
7. Documents referred to in this Modification are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, Westminster, SW1P 3GE (020 7901 7003 or library@ofgem.gov.uk) or from the Ofgem website

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=137&refer=Markets/sm/metering/crf>

² See link at footnote 1.

³ <http://www.ofgem.gov.uk/Markets/SM/Metering/CRF/Pages/crf.aspx>

(www.ofgem.gov.uk). The non confidential responses received are also available from the Ofgem Research and Information Centre or on the Ofgem website.⁴

Therefore:

8. In accordance with the powers contained in section 23(1) of the Act, the Authority hereby issues its decision to modify Standard Condition 1, Standard Condition 8 and Standard Condition 30 of the Licence granted under section 7A(2) of the Act in the manner set out in the schedule to this Modification, with effect from 28 August 2012. This document constitutes notice of the reasons for the decision to modify the standard conditions of the gas supply licence as required by section 38A of the Act.

The official seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of:



Colin Sausman, Partner, Smarter Markets
Duly authorised on behalf of the Gas and Electricity Markets Authority

28 June 2012

⁴ <http://www.ofgem.gov.uk/CustomPages/Pages/Publications.aspx>

Schedule

Standard Conditions 1, 12 and 30 of the gas supply licence will be modified in the manner set out in this schedule. The proposed insertions are shown change marked below. The drafting consulted on in March incorrectly numbered the paragraph in Standard Condition 12 to be amended as 12.18, instead of 12.19. The text below amends this typographical error and correctly refers to 12.19.

Condition 1: Definitions for standard conditions

[Amend definition in SLC 1.2]

Meter Asset Manager

means: [\(a\)](#) a person or a class or description of persons possessing the expertise satisfactorily to design, install, commission, inspect, repair, alter, reposition, remove, renew and maintain the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code as at 1 August 2007; or a person whose staff have such expertise; [and](#)

[\(b\) a person or a class or description of persons approved in accordance with the Supply Point Administration Agreement.](#)

Condition 12: Matters relating to Gas Meters

[Amend SLC [12.19](#)]

Approval by Authority

[12.19](#) In this condition, a reference to an approved Meter Installer ~~or an approved Meter Asset Manager~~ is to a Meter Installer ~~or a Meter Asset Manager~~ approved by the Authority for the purposes of this condition.

Condition 30: Supply Point Administration Agreement

[Amend SLC 30.5]

The relevant objectives referred to in sub-paragraph 30.5(a) are:

- (a) the development, maintenance and operation of an efficient, coordinated and economical change of supplier process;
- (b) the furtherance of effective competition between Gas Suppliers and between relevant agents;
- (c) the promotion of efficiency in the implementation and administration of the supply point administration arrangements; ~~and~~
- (d) so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the licensee's obligations under this licence; [and](#)
- [\(e\) the establishment, maintenance and operation of the Meter Asset Manager arrangements.](#)