

To: All holders of a gas supply licence

NOTICE UNDER SECTION 23(2) OF THE GAS ACT 1986

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 23(2) of the Gas Act 1986 ("the Act") as follows:

1. The Authority proposes to modify all gas supply licences granted or treated as granted under section 7A(1) of the Act by amending Condition 30 (Supply Point Administration Agreement).
2. The reason why the Authority proposes to make these licence modifications is set out in Appendix 1 of the decision letter that is published with this Notice but, in summary, the reasons for the proposed modifications are to:
 - Insert an additional relevant objective requiring compliance with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators.
 - Add the licensee and the Authority to those who may raise a code modification in relation to modifications which the Authority reasonably considers are necessary to comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators.
 - Clarify when the Authority's consent is required before a licensee can withdraw a code modification proposal that it has raised.
 - Place a requirement on the licensee and the panel (where applicable) to comply with any direction/s issued by the Authority.
 - Reflect changes introduced as a result of our Code Governance Review (Phase 2) modification decision Notice.¹
3. The effect of the proposed modifications is set out in Appendix 1 of the decision letter that is published with this Notice. In summary the effect of the proposed modifications is to:
 - Require code modification proposals to comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators.
 - Allow the licensee and the Authority to raise modification proposals which the Authority reasonably considers are necessary to comply with the Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators.
 - Prevent the licensee from withdrawing code modifications which the Authority reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators without the Authority's prior consent
 - Mandate the licensee and the panel (where applicable) to comply with any direction/s issued by the Authority
4. Relevant licence holders for the purposes of this Notice are all holders of a gas supply licence at the relevant time with Standard Condition 30 in force.
5. Further detail and background on these proposed changes is set out at:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=239&refer=LICENSING/WORK>

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=450&refer=Licensing/IndCodes/CGR>

6. A copy of the proposed modifications and other documents referred to in this Notice are available (free of charge) from the Ofgem library (telephone 020 7901 7003) or on the Ofgem website www.ofgem.gov.uk
2. Any representations on the proposed licence modifications must be made on or before 28 August 2013 to: Abid Sheikh, Office of Gas and Electricity Markets, 107 West Regent Street, Glasgow, G2 2BA or by email to: licensing@ofgem.gov.uk
8. All responses will normally be published on Ofgem's website and held in the Research and Information Centre. However, if respondents do not wish their response to be made public then they should mark their response as not for publication. Ofgem prefers to receive responses in an electronic form so they can be placed easily on the Ofgem website.
9. If the Authority decides to make the proposed modifications, they will take effect 56 days after the decision is published.

Lesley Nugent
Head of Industry Codes and Licensing
Duly authorised on behalf of the
Gas and Electricity Markets Authority

29 July 2013

Schedule 1

Condition 30. Supply Point Administration Agreement

Condition 30.6

30.6 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;

(d) so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the licensee's obligations under this licence;

(e) the establishment, maintenance and operation of the Meter Asset Manager arrangements;

(f) securing compliance with standard condition 12A~~7~~; and

(eg) compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Condition 30.9 (previously 30.8)

- 30.9 (a) The modification procedures referred to in sub-paragraph 30.7(a) must provide:
- for a modification report to be prepared in such manner and with all such contents as specified in the SPAA, which shall include an assessment of the extent to which the proposed modification would better facilitate achieving the relevant objectives and a detailed explanation of the reasons for that assessment;
 - (b) where the proposed modification requires Authority approval in accordance with the provisions of the SPAA, for the revision and resubmission of the modification report upon, and in accordance with, a direction issued to the panel by the Authority where the Authority determines that it cannot properly form an opinion on the approval of the modification proposal;
 - (c) that proposals for the modification of the SPAA falling within the scope of a significant code review may not be made during the significant code review phase, except:
 - a. where the Authority determines that the modification proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal; or
 - b. at the direction of the Authority;
 - (d) where a modification proposal is made during a significant code review phase the panel shall:
 - i. unless exempted by the Authority, notify the Authority as soon as practicable of:
 - 1. any representations received in relation to the relevance of the significant code review; and
 - 2. the panel's assessment of whether the proposal falls within the scope of the significant code review and its reasons for that assessment; and
 - ii. if the Authority so directs, not proceed with the modification proposal until the significant code review phase has ended;

(ae) for proposals for the modification of the SPAA to be made by the licensee or the Authority (in relation only to modifications which it reasonably considers are necessary to comply with, or implement, [the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators](#));

(bf) for modification proposals made by the Authority and the licensee in accordance with paragraphs 30.89(ae) and 30.89(eg)(i) respectively which the Authority reasonably considers are necessary to comply with, or implement, [the Regulation and/or any relevant legally binding decisions of](#)

the European Commission and/or the Agency for the Co-operation of Energy Regulators:

- (i) to be accepted into the SPAA modification procedures by the panel;
- (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent; and
- (iii) to proceed in accordance with paragraph 30.89(eg);

(eg) For compliance by the licensee and (where applicable) the panel with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable (in relation to a modification proposal which the Authority reasonably considers is necessary to comply with, or implement, [the Regulation and/or any relevant legally](#) binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators) for:

- (i) the licensee to raise a modification proposal(s); and/or
- (ii) the completion of each of the procedural steps outlined in the direction, to the extent that they are relevant; and/or
- (iii) the implementation of a modification.