

**To: All holders of a gas supply licence**

**Gas Act 1986  
Section 23(1)(b)**

**MODIFICATION OF THE STANDARD CONDITIONS OF GAS SUPPLY LICENCES  
GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986**

Whereas –

1. Each of the companies to whom this document is addressed (a "Licence Holder") has been granted a licence ("the Licence") under section 7A(1) of the Gas Act 1986 ("the Act") to supply gas subject to the conditions contained in its Licence.

2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority ("the Authority") gave notice on 29 July 2013 ("the Notice") that it proposed to make modifications to Condition 30 (Supply Point Administration Agreement) of the Licence and by requiring any representations to the modifications to be made on or before 28 August 2013.

3. In accordance with section 23(4)(b) of the Act, the Authority gave such notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modifications.

4. Prior to the close of the consultation period in respect of the Notice, the Authority received eight responses, of which two responses relate to the modifications referred to above. All non-confidential responses have been placed on the Ofgem website.

5. The Authority has carefully considered in relation to the proposed modifications all representations received.

6. In accordance with section 38A of the Act the Authority gives the following reasons for making the licence modifications:

- 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.
- To 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.
- To clarify when the Authority's consent is required before a licensee can withdraw a code modification proposal that it has raised.
- To place a requirement on the licensee and the panel (where applicable) to comply with any direction/s issued by the Authority.
- To reflect changes introduced as a result of our Code Governance Review (Phase 2) modification decision Notice.<sup>1</sup>
- To correct a minor typographical error in paragraph 30.9(d).

7. The effect of the modification(s) will be to:

- Require code modification proposals to comply with the Gas 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 Gas Regulation and any relevant

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

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 Gas 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.
- To correct a typographical error in paragraph 30.9(d).

8. Specific details on the reasons and effect of the modifications can be found in the attached Schedule 2.

9. In addition to the modifications specified in the Notice, the Authority considers it necessary to make some minor alterations to the modifications set out in the Notice which are shown as strikethrough (for deletions) or underlined text (for additions). These alterations are highlighted in red in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications set out in Schedule 1 are to correct typographical and/or grammatical errors.

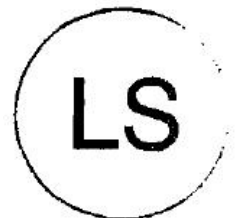
10. Where an application for permission to appeal the Authority's decision is made to the Competition Commission under section 23B of the Act, Rule 5.7 of the Competition Commission's Energy Licence Modification Appeals Rules requires the appellant to send notice setting out the matters required in Rule 5.2. The attached Schedule 3 provides a list of the relevant licence holders in relation to this modification direction. The meaning of 'relevant licence holder' is set out in section 23(10) of the Act.

#### **Now therefore**

In accordance with the powers contained in section 23(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all gas supply licences in the manner specified in the attached Schedule 1. This decision will take effect on and from 17 December 2013.

This document constitutes notice of the reasons for the decision to modify the gas supply licences 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**



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

**22 October 2013**

## **Schedule 1 - Modifications to the standard conditions of the gas supplier licence**

### **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-; 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 The modification procedures referred to in sub-paragraph 30.7(a) must provide:

- (a) 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) **that** 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;

(æ) 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);

(b) for modification proposals made by the Authority and the licensee in accordance with paragraphs 30.89(æ) 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.

## Schedule 2 – Reasons for and effect of the proposed modifications to the standard conditions of the gas supply licence

<b>Proposed modifications</b>	<b>Reason for and effect of the proposed modifications</b>
Insertion of an additional relevant objective into Standard Licence Condition (SLC) 30.6 (Supply Point Administration Agreement)	To ensure that code modification proposals comply with the Gas Regulation and any relevant legally binding decision of the European Commission and/or the Agency for the Cooperation of Energy Regulators.
<p>Into SLC 30.9, the addition of:</p> <ul style="list-style-type: none"> <li>• the Authority to those who may raise modification proposals (only in relation to proposals which the Authority reasonably considers are necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators)</li> <li>• the licensee to those who may raise modification proposals</li> <li>• a requirement on the licensee and the panel to comply with any direction/s issued by the Authority, to the extent that they are relevant, (in relation to a modification proposal which the Authority reasonably considers is necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators</li> <li>• an amendment requiring modification proposals which the Authority reasonably considers are necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators to be accepted into the modification procedures by the panel.</li> </ul>	<p>To allow the Authority to raise modification proposals (but only in relation to proposals which the Authority reasonably considers are necessary to comply with or implement the Gas Regulation as appropriate and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators).</p> <p>Requires the licensee and (where applicable the panel) to comply with any direction issued by the Authority.</p> <p>Align these SLCs with the equivalent conditions for the other industry codes, for example, electricity transmission SLC C3 (4)(a), (aa), (ad) and (ae) for the Balancing and Settlement Code.</p>
Modifications proposed to SLC 30.9 (previously 30.8) to ensure that	To clarify when the Authority’s consent would be required before a licensee can

<p>modification proposals raised by the licensee that the Authority reasonably considers are necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators cannot be withdrawn without the Authority's consent.</p>	<p>withdraw a code modification proposal that it has raised.</p> <p>The modification will prevent a licensee from withdrawing a modification that it has raised, whether or not as a result of the Authority's direction, without the Authority's consent where the Authority, in its view, reasonably considers that that the code modification is necessary to comply with or implement the Gas Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators.</p>
<p>Removal and renumbering of provisions and terminology to reflect modifications set out in the CGR2 changes:<sup>2</sup></p> <ul style="list-style-type: none"> <li>• SLC 30.6</li> <li>• SLC 30.9</li> </ul>	<p>To reflect our modifications set out in the CGR2 changes.</p>
<p>Correction of a formatting error by removing the '(a)' after paragraph 30.9 and adding '(a)' after the colon and before the word 'for'.</p>	<p>To correct a minor formatting error.</p>
<p>Insertion of the word 'that' at the beginning of paragraph 30.9(d)</p>	<p>To correct a minor typographical error.</p>

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<sup>2</sup> The CGR2 modification decision notice is here: <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=450&refer=Licensing/IndCodes/CGR>

### Schedule 3 – Relevant licence holders

<b>Licensee</b>	<b>Company registration number</b>
Altitude Energy Supply Limited	08500842
Atlantic Gas Limited	SC288230
Axis Telecom Limited	04343227
Better Energy Supply Limited	07176401
British Gas Trading Limited	03078711
Addito Supply Limited	08053202
Co-Operative Energy Limited	06993470
Countrywide Farmers Plc	03776711
Crown Oil Limited	01315556
Daligas Limited	07908584
Donnington Energy Limited	07109298
Dual Energy Direct Limited	06468946
E.ON Energy Gas (Eastern) Limited	04060387
E.ON Energy Solutions Limited	03407430
Eclipse Energy Supply Limited	07928902
Economy Energy Supply Limited	08432747
Economy Energy Trading Limited	07513319
EDF Energy Customers Plc	02228297
Europa Energy Supply Limited	08053212
Extra Energy Supply Limited	08053154
First Utility Limited	05070887
Flow Energy Limited	07489062
Gas Plus Supply Limited	05199935
GnERGY Limited	06993060
Goldgas UK Limited	07508167
Good Energy Gas Limited	05501445
Hudson Energy Supply UK Limited	07489042
I.C.S. 1989 Limited	02393007
I Supply Energy Limited	06053905
KAL-Energy Limited	08205335
Lovely Energy Limited	07320157
Nationwide Electricity Limited	06735712
Npower Direct Limited	03782443
Npower Gas Limited	02999919
Npower Northern Limited	03432100
Npower Yorkshire Limited	03937808
Open4Energy Limited	04411434
Opus Energy Limited	04382246
Opus Gas Supply Limited	06874709
Ovo Gas Limited	06752915
Pan-Utility Limited	05000782
Riadace Ltd	07559174
Scottish Hydro Electric Gas Limited	SC288231
Scottish Power Energy Retail Limited	SC190287
Seeboard Energy Gas Limited	03042795



Smarter Eco Energy Limited	08536558
Social Ventures in Energy Limited	07801990
Southern Electric Gas Limited	02716495
Spark Energy Supply Limited	05857467
SWALEC Gas Limited	02624695
Symbio Energy LLP	OC375128
Telecom Plus PLC	03263464
The Renewable Energy Company Limited	03043412
Total Gas & Power Limited	03869419
UK Healthcare Corporation Limited	04398605
Utilita Energy Limited	04849181
Utilita Gas Limited	04849175
Zog Energy Limited	08222325