

**To: All holders of a gas shipper 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 shipper licences granted or treated as granted under section 7A(2) of the Act by inserting a new standard licence condition Condition 15A. Payments Received in Relation to Demand Side Response. The full text of the proposed modification is set out in the Schedule to this Notice.
2. The reasons why the Authority proposes to make this licence modification have been published by the Authority in the following documents:
  - (a) Gas Security of Supply Significant Code Review - Launch Statement
  - (b) Gas Security of Supply Significant Code Review - Initial Consultation
  - (c) Gas Security of Supply Significant Code Review - Draft Policy Decision, 8 November 2011
  - (d) Gas Security of Supply Significant Code Review - Draft Impact Assessment, 8 November 2011
  - (e) Gas Security of Supply Significant Code Review - Proposed Final Decision, 3 July 2012
  - (f) Gas Security of Supply Significant Code Review – Impact Assessment for the Proposed Final Decision, 31 July 2012
  - (g) Gas Security of Supply Significant Code Review – Updated Proposed Final Decision, 23 July 2013
  - (h) Gas Security of Supply Significant Code Review Updated Proposed Final Decision – Responses document, 23 July 2013
  - (i) Gas Security of Supply Significant Code Review – Demand-Side Response Tender Consultation, 23 July 2013
  - (j) Gas Security of Supply Significant Code Review - Final Policy Decision, 12 February 2014
  - (k) Gas Security of Supply Significant Code Review - Consultation on Business Rules and Legal Text, 12 February 2014
  - (l) Gas Security of Supply Significant Code Review - Impact Assessment for Final Policy Decision, 12 February 2014
  - (m) Gas Security of Supply Significant Code Review – Statutory Consultation, 16 June 2014
3. The effects of the proposed modification are described in the documents referred to in paragraph 2 of this Notice and, in particular, the following documents:
  - a) Gas Security of Supply Significant Code Review – Updated Proposed Final Decision, 23 July 2013
  - b) Gas Security of Supply Significant Code Review - Final Policy Decision, 12 February 2014
  - c) Gas Security of Supply Significant Code Review – Statutory Consultation, 16 June 2014
4. A copy of the proposed modification and other documents referred to in this Notice have been published and are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
5. Any representations with respect to the proposed licence modification must be made on or before 16 July 2014 to: Anjali Mehta, Office of Gas and Electricity Markets, 9

Millbank, London, SW1P 3GE or by email to [wholesale.markets@ofgem.gov.uk](mailto:wholesale.markets@ofgem.gov.uk).

6. All responses will normally be published on Ofgem's website. However, if respondents do not wish their response to be made public then they should clearly 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.
7. If the Authority decides to make the proposed modification it will take effect not less than 56 days after the decision is published.

.....  
**EMMA KELSO**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**16 June 2014**

## **Schedule**

### **Condition 15A. Payments Received in Relation to Demand Side Response**

1. Any DSR Payment made to the licensee shall be paid, as soon as reasonably practicable after its receipt, to the relevant supplier.
2. On receipt of evidence from the relevant supplier pursuant to standard condition 19D paragraph 19D.4 of the gas supply licence, the licensee shall provide the same evidence to the relevant transporter as soon as reasonably practicable.
3. On receipt of evidence from the relevant supplier pursuant to standard condition 19D paragraph 19D.6 of the gas supply licence, the licensee shall provide the same evidence to National Grid NTS as soon as reasonably practicable.
4. In this condition:

**DSR Payment** means a credit made by National Grid NTS to the licensee:

- a. for the provision of an involuntary demand side response service provided by a customer to a relevant supplier; and
- b. made pursuant to Transportation Principal Document Section Q of the Uniform Network Code;

**Firm Load Shedding** has the meaning given in Transportation Principal Document Section Q of the Uniform Network Code;

**involuntary demand side response service** means the curtailment of gas as a result of Firm Load Shedding due to a Gas Deficit Emergency;

**National Grid NTS** has the meaning given in Transportation Principal Document Section Q of the Uniform Network Code;

**Uniform Network Code** means the document of that title required to be prepared pursuant to Standard Special Condition A11 (Network Code and Uniform Network Code) of licences granted under section 7 of the Act (as from time to time modified pursuant to that condition).