

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 inserting a new standard licence condition Condition 19D. DSR Payments. 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, 31 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).
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.

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.

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

16 June 2014

Schedule

Condition 19D. DSR Payments

Commercially Firm Customers

19D.1 The licensee must include in each of its Contracts for the supply of gas to premises with a Commercially Firm Customer that it enters into or has entered into, terms which give effect to the matters set out in paragraph 19D.2.

19D.2 The Contracts referred to in paragraph 19D.1 must ensure that:

(a) in the event that gas supplies to a Commercially Firm Customer are curtailed by a Gas Transporter as a result of Firm Load Shedding due to a Gas Deficit Emergency, the licensee will pay to the Commercially Firm Customer, in consideration for the provision of an involuntary demand side response service by that customer, a DSR Payment; and

(b) the licensee will make the DSR Payment as soon as reasonably practicable after receiving from the Relevant Gas Shipper a payment of the same amount.

19D.3 In the event that gas supplies to a Commercially Firm Customer are curtailed by a Gas Transporter as a result of Firm Load Shedding due to a Gas Deficit Emergency, the licensee must take all reasonable steps to notify the Commercially Firm Customer that it will be paid a DSR Payment pursuant to the terms of its Contract.

19D.4 In the event that gas supplies to a Commercially Firm Customer are curtailed from a NDR System Exit Point by a Gas Transporter as a result of Firm Load Shedding due to a Gas Deficit Emergency, on receipt of evidence from that customer that the offtake of gas from that NDR System Exit Point was reduced or discontinued in compliance with an instruction from that Gas Transporter for Firm Load Shedding due to a Gas Deficit Emergency, the licensee shall provide that same evidence to the Relevant Gas Shipper.

19D.5 For the purposes of paragraph 19D.4 only, the expression Firm Load Shedding shall not include Network Isolation.

Commercially Interruptible Customers

19D.6 In accordance with Transportation Document Section Q of the Uniform Network Code, the licensee must give evidence to the Relevant Gas Shipper of each Contract for the supply of gas to premises that it enters into or has entered into with a Commercially Interruptible Customer.

19D.7 The licensee must include in each of its Contracts for the supply of gas to premises that it enters into or has entered into with a Commercially Interruptible Customer terms which:

- (a) set out the payment that the Commercially Interruptible Customer will receive from the licensee in the event that the licensee instructs the interruption of a volume of gas which is treated as interruptible pursuant to the terms of the Contract; and
- (b) set out the payment that the Commercially Interruptible Customer will receive from the licensee in the event that a Gas Transporter instructs the interruption of a volume of gas, which is treated as interruptible pursuant to the terms of the Contract, as a result of Firm Load Shedding due to a Gas Deficit Emergency; and
- (c) give effect to the matters set out in paragraph 19D.8 below.

19D.8 The Contracts referred to in paragraph 19D.7 must ensure that:

- (a) in the event that, as a result of Firm Load Shedding due to a Gas Deficit Emergency, a Gas Transporter instructs the curtailment of a volume of gas which is not treated as interruptible pursuant to the terms of the Contract, the licensee will pay to the Commercially Interruptible Customer, in consideration for the provision of an involuntary demand side service response by that customer, a DSR Payment; and
- (b) the licensee will make the DSR Payment referred to in paragraph (a) above as soon as reasonably practicable after receiving from the Relevant Gas Shipper a payment of the same amount.

19D.9 Before it enters into a Contract with a Commercially Interruptible Customer, the licensee must take all reasonable steps to bring the terms referred to in paragraphs 19.7 and 19.8 above, to the attention of that customer.

19D.10 In this condition:

Commercially Firm Customer means a customer connected to a NDR System Exit Point or a DR System Exit Point but does not include a Commercially Interruptible Customer;

Commercially Interruptible Customer means a customer connected, or requiring to be connected, to a Commercially Interruptible System Exit Point;

Commercially Interruptible System Exit Point has the meaning given in Transportation Principal Document Section Q of the Uniform Network Code

Daily-Read (DR) System Exit Point has the meaning given in Transportation Principal Document Section Q of the Uniform Network Code;

DSR Payment means a payment made by the licensee to the Customer:
(a) for the provision of an involuntary demand side response service provided by that Customer to the licensee; 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;

Gas Deficit Emergency 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;

Non Daily-Read (NDR) System Exit Point has the meaning given in Transportation Principal Document Section Q of the Uniform Network Code;

Network Isolation 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).