

## Statutory Consultation Notice for Gas Supply

**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 standard conditions 1 and 7A.
2. The reasons why the Authority proposes to make this licence modification were published by the Authority in the following documents:
  - a. 'Proposals for non-domestic automatic rollovers and contract renewals', 14 February 2014;<sup>1</sup> and
  - b. 'Statutory consultation on non-domestic automatic rollovers and contract renewals', 30 July 2014.
3. The effects of the proposed modifications are described in the documents referred to in paragraph 2 of this Notice. They are summarised in the table below.

Licence condition	Status	Proposal in statutory consultation	Effect
1	Modification of existing provision	Current and other prices and annual consumption details on renewal letters	Change to definition of "Annual Consumption Details" to include supplies to non-domestic premises under micro business consumer contracts.
7A.6	Modification of existing provision	Maximum 30 day termination notice period	Ancillary modification: Clarifies that Statement of Renewal Terms must include a statement, if applicable, that the micro business consumer may send a notice before the Relevant Date to: <ul style="list-style-type: none"> <li>• terminate the contract with effect from the current fixed-term period; and</li> <li>• if the contract includes a term entitling the licensee to roll the consumer onto a new fixed term period, to prevent the auto-rollover.</li> </ul>
7A.8	Modification of existing provisions and new provisions	Current and other prices and annual consumption details on renewal letters	Requires licensee to provide information about current charges, renewal and deemed or out-of contract principal terms, and annual consumption details to micro business consumers, together with the Statement of Renewal Terms.
7A.9	Modification of existing provision	Current and other prices and annual consumption details on renewal letters	Requires licensee to provide information (as applicable) about how the charges for supply provided pursuant to SLC 7A may fluctuate or vary.
7A.11	Modification of existing provision	Maximum 30 day termination notice period	Reduces the maximum notice period for termination by a micro business consumer to 30 days from 90 days. Insertion of "by a Micro Business Consumer" to clarify that

<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/86071/automaticrolloversconsultationfinal.pdf>

			this paragraph only concerns termination period where it is the customer who is terminating the contract.
7A.12C	New provision	Acknowledging termination notice	Requires licensee to take all reasonable steps to acknowledge receipt of a termination notice to the micro business consumer.
7A.13 (new 7A.13 and 7A.13A)	Modification of existing provision and new provision	Maximum 30 day termination notice period; and Current and other prices and annual consumption details on renewal letters	Ancillary modifications: Re-numbering of "7A.13" to "7A.13A". Description of situation where a right entitling the licensee to roll the customer onto a new fixed term period has been included in a micro business consumer contract. This provision is cross-referenced in the proposed modifications to SLC 7A.6 and 7A.8.
7A.14	Modification of existing provision	Maximum 30 day termination notice period	Amendment to definition of "Relevant Date", such that it is 30 days before the date of any fixed-term period of a micro business consumer contract.

4. Relevant licence holders for the purposes of this Notice are all holders of a gas supply licence granted, or treated as granted, pursuant to section 7A(1) of the Act.
5. A copy of the proposed modification is set out in the schedule to this Notice. Other documents referred to in this Notice have been published alongside this Notice and are available on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
6. Any representations with respect to the proposed licence modifications must be made on or before **28 August 2014** to: Meghna Tewari, Non-domestic Retail Policy, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [nondomestic.rollovers@ofgem.gov.uk](mailto:nondomestic.rollovers@ofgem.gov.uk)
7. 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.
8. 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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**Rob Church, Associate Partner**  
**Smarter Markets and Smart Metering, Ofgem**  
**Duly authorised on behalf of the**  
**Gas and Electricity Markets Authority**

**30 July 2014**

## **Schedule – Proposed modification of standard conditions 1 and 7A of gas supply licences**

The text below shows the envisaged drafting for: (i) the proposed modification of the definition of “Annual Consumption Details” in standard condition 1; and (ii) the proposed modification of standard condition 7A. Insertions are shown by underlined text in red and deletions by strikethrough text.

### **Standard Condition 1. Definitions for standard conditions**

**Annual Consumption Details** means:

- (a) where the ~~Domestic~~ Customer has held their Domestic Supply Contract or Micro Business Consumer Contract (as applicable) for at least 12 months and the licensee has obtained actual meter readings (including meter readings provided by the ~~Domestic~~ Customer and accepted by the licensee in accordance with standard condition 21B) which can reasonably be considered to cover the whole of that 12 month period, the quantity of gas which was treated as consumed at the ~~Domestic~~ Customer’s Domestic Premises or Non-Domestic Premises (as applicable) during the previous 12 months on the basis of those meter readings; or
- (b) where the ~~Domestic~~ Customer has held their Domestic Supply Contract or Micro Business Consumer Contract (as applicable) for:
  - (i) less than 12 months; or
  - (ii) at least 12 months and the licensee has not obtained actual meter readings (including meter readings provided by the ~~Domestic~~ Customer and accepted by the licensee in accordance with standard condition 21B) which can reasonably be considered to cover the whole of that 12 month period,

the licensee’s best estimate of the quantity of gas that the ~~Domestic~~ Customer may be expected to consume during a 12 month period having regard to any relevant information that is available to the licensee or which the licensee could otherwise have reasonably ascertained (including any actual meter readings that have been obtained and which cover part of the previous 12 months);

### **Standard Condition 7A. Supply to Micro Business Consumers**

#### **Identification and treatment of Micro Business Consumers**

7A.1 If the licensee intends to:

- (a) enter into a Non-Domestic Supply Contract with a Customer; or
- (b) extend the duration of a Non-Domestic Supply Contract (including the duration of any fixed-term period which may form part of a Contract of an indefinite length)

the licensee must either take all reasonable steps to identify whether that Non-Domestic Customer is a Micro Business Consumer, or deem that Non-Domestic Customer to be a Micro Business Consumer.

7A.2 Where any Contract or Contract extension as described in paragraph 7A.1 is entered into with a Non-Domestic Customer that has been identified as, or deemed to be, a Micro Business Consumer, that Contract shall be a “Micro Business Consumer Contract” for the purposes of this Condition.

7A.3 The licensee must not include a term in a Micro Business Consumer Contract which enables it to terminate the Contract or apply different terms and conditions to that

Contract during a fixed-term period on the grounds that the Customer no longer satisfies the definition of Micro Business Consumer.

### **Notification of Micro Business Consumer Contract terms and other information**

- 7A.4 Before the licensee enters into a Micro Business Consumer Contract, it must take all reasonable steps to bring the following information to the attention of the Micro Business Consumer and ensure that the information is communicated in plain and intelligible language:
- (a) a statement to the effect that the licensee is seeking to enter into a legally binding Contract with the Micro Business Consumer; and
  - (b) the Principal Terms of the proposed Contract.
- 7A.5 The licensee must ensure that all the express terms and conditions of a Micro Business Consumer Contract are:
- (a) set out in Writing; and
  - (b) drafted in plain and intelligible language.
- 7A.6 Where the licensee enters into, or extends the duration of, a Micro Business Consumer Contract for a fixed-term period, it must prepare a statement (hereafter referred to as a "Statement of Renewal Terms") which:
- (a) is set out in Writing;
  - (b) is drafted in plain and intelligible language;
  - (c) displays the following information in a prominent manner:
    - (i) the date the fixed-term period is due to end, or if that date is not ascertainable the duration of the fixed-term period;
    - (ii) the Relevant Date, or if not known at the time of providing the Statement of Renewal Terms, a description of how the Relevant Date will be calculated by reference to the end of the fixed-term period;
    - (iii) (if applicable) a statement to the effect that the Micro Business Consumer may send a notification in Writing to the licensee at any time before the Relevant Date in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies and, where paragraph 7A.13 applies, in order to prevent the licensee from extending the duration of the Micro Business Consumer Contract for a further fixed-term period-and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies;
    - (iv) a postal and Electronic Communication address to which the Customer may send a notification in Writing for that purpose; and
    - (v) a statement explaining the consequences of the Micro Business Consumer not renewing the Micro Business Consumer Contract or agreeing a new Contract before the Relevant Date.
- 7A.7 Where the licensee enters into or extends the duration (including the duration of any fixed-term period) of a Micro Business Consumer Contract, it must take all reasonable steps to provide the Micro Business Consumer with the following information within 10 days, or do so as soon as reasonably practicable thereafter:
- (a) a copy of all the express terms and conditions of the Micro Business Consumer Contract; and
  - (b) if the Micro Business Consumer Contract contains a fixed-term period, the Statement of Renewal Terms.
- 7A.8 On or about 30 days before the Relevant Date, unless the licensee has already agreed a new Micro Business Consumer Contract with the Micro Business Consumer, the licensee must provide the Micro Business Consumer with:
- (a) the Statement of Renewal Terms (~~unless the licensee has already prevented the Micro Business Consumer from extending the duration of the Micro Business Consumer Contract~~);

- (b) if paragraph 7A.13 applies and subject to paragraph 7A.8(d):
- (i) ~~a copy of any the relevant Principal Terms that might apply to the Micro Business Consumer after the fixed term period of the Micro Business Consumer Contract ends, including: terms that would apply in the event the Customer does nothing~~ which might apply to the Micro Business Consumer after the current fixed-term period of the Micro Business Consumer Contract ends, including in the event that the Customer does nothing and the licensee extends the duration of the Contract in accordance with paragraph 7A.13A; and
  - (ii) a copy of the Principal Terms which would apply after the current fixed-term period of the Micro Business Consumer Contract ends, in the event that the Customer sends (or has already sent) a notice in Writing before the Relevant Date to prevent renewal of the Micro Business Consumer Contract but does not appoint another supplier;
- (c) if paragraph 7A.13 does not apply, a copy of the Principal Terms, which would apply if the Customer does not change supplier or does not expressly agree a new Micro Business Consumer Contract or a further fixed term period of the existing Micro Business Consumer Contract by the date that the current fixed term period is due to end.
- (d) if paragraph 7A.13 applies but the licensee has already prevented the Micro Business Consumer from extending the duration of the Micro Business Consumer Contract for a further fixed-term period, the requirements in paragraph 7A.8(b) shall be replaced with a requirement to provide the Micro Business Consumer with a copy of the Principal Terms which would apply after the current fixed-term period of the Micro Business Consumer Contract ends if the Customer continues to be supplied by the licensee.
- (e) ~~terms that would apply if the Customer sends (or has already sent) a notification in Writing before the Relevant Date to prevent renewal of the Micro Business Consumer Contract but does not appoint another supplier;~~ a statement displaying the Charges for the Supply of Gas which apply to the Customer as at the date on which such statement is provided; and
- (f) the Customer's Annual Consumption Details.

7A.9 Where pursuant to paragraphs 7A.4 or 7A.8 the licensee is required to provide a Micro Business Consumer with any relevant Principal Terms:

- (a) it must ensure that the Principal Terms are:
  - (i) set out in Writing; and
  - (ii) drafted in plain and intelligible language;
- (b) if the terms of the Micro Business Consumer Contract provide that the Charges for the Supply of Gas may vary or fluctuate from time to time, it must provide:
  - (i) a explanation that the Charges for the Supply of Gas are subject to change from time to time; and, as applicable,
  - (ii) the precise variations to the Charges for the Supply of Gas or the method by which the Charges for the Supply of Gas will fluctuate automatically; or
  - (iii) where there is no agreed schedule of variations or an agreed fluctuation method in respect of the Charges for the Supply of Gas, information about how the Micro Business Consumer may obtain the current Charges for the Supply of Gas from the licensee.

7A.10 Where pursuant to paragraph 7A.8(b) the licensee provides a Micro Business Consumer with any offers of terms that relate to Charges for the Supply of Gas, it must ensure that at least one offer is made in Writing which may be accepted at any time before the Relevant Date.

### **Information on Bills etc**

7A.10A Where the licensee has entered into a Micro Business Consumer Contract for a

fixed-term period, the licensee must provide the information specified in paragraph 7A.10B on each Bill and statement of account and display that information in a prominent position and ensure that it is drafted in plain and intelligible language.

7A.10B The specified information is:

- (a) the date the fixed-term period of a Micro Business Consumer Contract is due to end;
- (b) where the licensee has entered into a Micro Business Consumer Contract for a fixed-term period and it may, in accordance with that Micro Business Consumer Contract, be extended for a further fixed-term period:
  - (i) the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Consumer Contract);
  - (ii) a statement to the effect that the Micro Business Consumer may send a notification in Writing to the licensee before the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Consumer Contract) in order to prevent the licensee from extending the duration of the Micro Business Consumer Contract for a further fixed-term period and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies; and
- (c) where the licensee has entered into a Micro Business Consumer Contract for a fixed-term period and it does not have the ability to extend that Micro Business Consumer Contract for a further fixed-term period:
  - (i) the latest date the Micro Business Customer could give notice in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies; and
  - (ii) a statement to the effect that this is the latest date the Micro Business Customer could give notice in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies.

### **Length of notice periods in Micro Business Consumer Contracts**

7A.11 The notice period for termination of a Micro Business Consumer Contract [by a Micro Business Consumer](#) must be no longer than 390 days.

7A.12 Paragraph 7A.11 is without prejudice to the licensee's ability to enter into a Micro Business Consumer Contract with a Customer for a fixed-term period which is longer than 390 days.

### **Termination of Micro Business Consumer Contracts which do not include a fixed-term period**

7A.12A Without prejudice to any notice period that complies with paragraph 7A.11, in relation to any Micro Business Consumer Contract that does not include a fixed-term period, the licensee must ensure that the Micro Business Consumer is entitled to give notice to terminate the Micro Business Consumer Contract at any time.

### **Termination of Micro Business Consumer Contracts which include a fixed-term period**

7A.12B In relation to any Micro Business Consumer Contract which includes a fixed-term period, the licensee must ensure that:

- (a) a Micro Business Consumer is entitled to give notice of termination before the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Supply Contract) in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies; and

- (b) without prejudice to any notice period which complies with paragraph 7A.11, if, at the end of any fixed-term period, a Micro Business Consumer is not subject to a further fixed-term period, the Micro Business Consumer is entitled to give notice to terminate the Micro Business Consumer Contract at any time.

### **Acknowledgement of receipt of termination notice**

7A.12C If the licensee receives notice of termination in accordance with 7A12.A or 7A.12B it must take all reasonable steps to notify the Micro Business Consumer in Writing within 5 Working Days of receipt of such notice of termination, or as soon as reasonably practical thereafter, that such notice of termination has been received.

### **Extending the duration of Micro Business Consumer Contracts**

7A.13 This paragraph applies where the relevant Micro Business Consumer Contract is for a fixed-term period and contains a term entitling the licensee to extend the duration of the Micro Business Consumer Contract for a further fixed-term period.

7A.13A Where paragraph 7A.13 applies the licensee has entered into a Micro Business Consumer Contract for a fixed term period, it the licensee may only extend the duration of that Contract for a further fixed-term period if:

- (a) it has complied with paragraphs 7A.7 and 7A.8;
- (b) the Micro Business Consumer has not sent the licensee a notification in Writing before the Relevant Date in order to prevent it from extending the duration of the Micro Business Consumer Contract for a further fixed-term period and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed-term period which currently applies; and
- (c) the duration of the further fixed-term period is 12 months or less.

### **Definitions for condition**

7A.14 In this condition:

**“Micro Business Consumer”** means a Non-Domestic Customer:

- (a) which is a “relevant consumer” (in respect of premises other than domestic premises) for the purposes of article 2(1) of The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268); or
- (b) which has an annual consumption of not more than 293,000 kWh.

**“Relevant Date”** means the date which is ~~at least 30 days, and no longer than 90 days,~~ before the date any fixed-term period of a Micro Business Consumer Contract is due to end.