

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 (a Licence) under section 7A(1) of the Gas Act 1986 (the Act).
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority (the Authority) gave notice on 16 June 2014 (the Notice) that it proposed to insert new condition 19D into the Licence and by requiring any representations to the modification to be made on or before 16 July 2014.
3. In accordance with section 23(4)(b) of the Act, the Authority gave notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received 2 responses. All non-confidential responses have been placed on the Ofgem website. Our response to these comments are set out in our Gas Security of Supply Significant Code Review – Conclusions, 23 September 2014.
5. The Authority has carefully considered in relation to the proposed modification all representations received.
6. In accordance with section 38A of the Act, the reasons for making this licence modification are to implement our reforms to the emergency cash-out arrangements in Great Britain pursuant to the aims of the Gas Security of Supply Significant Code Review. Further details of reasons for the licence modification are stated 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
- (n) Gas Security of Supply Significant Code Review – Conclusions, 23 September 2014

7. The effect of the modification(s) is described in 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
- d) Gas Security of Supply Significant Code Review – Conclusions, 23 September 2014

8. Where an application for permission to appeal the Authority’s decision is made to the Competition and Markets Authority under section 23B of the Act, Rule 5.7 of the CMA’s Energy Licence Modification Appeals Rules¹ requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. 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 suppliers in the manner specified in attached Schedule 1. This decision will take effect on and from 19 November 2014.

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**

.....
Rachel Fletcher
Senior Partner, Markets
Duly authorised on behalf of the
Gas and Electricity Markets Authority

23 September 2014

¹ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).

LS

Schedule 1: Insertion of new standard condition 19D

The text set out below is to be inserted after existing standard condition 19C of the gas supply licence

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).

Schedule 2: Relevant Licence Holders²

Name
Altitude Energy Supply Limited
Addito Supply Limited
Axis Telecom Limited
Better Energy Supply Limited
British Gas Trading Limited
Co-Operative Energy Limited
Countrywide Farmers Plc
Crown Gas and Power Limited
Crown Oil Limited
Daligas Limited
Donnington Energy Limited
Dual Energy Direct Limited
Effortless Energy Ltd.
E.ON Energy Gas (Eastern) Limited
E.ON Energy Solutions Limited
Eclipse Energy Supply Limited
Economy Energy Supply Ltd
Economy Energy Trading Limited
EDF Energy Customers Plc
Epower Supply Limited
Europa Energy Supply Limited
Extra Energy Supply Limited
First Utility Limited
Flow Energy Limited
Gas Plus Supply Limited
GnERGY Limited
Green Energy Limited
Greengen Direct Limited
Goldgas UK Limited
Good Energy Gas Limited
Hudson Energy Supply UK Limited
Iresa Limited
I Supply Energy Limited
KAL-Energy Limited
Loco2 Energy Supply Ltd.
Lovely Energy Limited
Nationwide Electricity Limited
Npower Direct Limited
Npower Gas Limited
Npower Northern Limited
Npower Yorkshire Limited
Open4Energy Limited
Opus Energy Limited
Opus Gas Supply Limited
Ovo Gas Limited
Pan-Utility Limited
Riadace Ltd

² Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-gas-licensees-registered-addresses>

Scottish Power Energy Retail Limited
Seeboard Energy Gas Limited
Shale Gas UK Limited
Smarter Eco Energy Limited
Social Ventures in Energy Limited
Southern Electric Gas Limited
Spark Energy Supply Limited
SWALEC Gas Limited
Symbio Energy Solutions LLP
Telecom Plus PLC
The Renewable Energy Company Limited
Total Gas & Power Limited
UK Healthcare Corporation Limited
Utilita Energy Limited
Utilita Gas Limited
Zog Energy Limited
Adrian Francis Associates Limited
AMRECS LLC
Axpo UK Limited
Barrow Shipping Limited
Better Business Energy Limited
Blizzard Utilities Limited
BP Gas Marketing Limited
Brilliant Energy Limited
Britannia Gas Limited
Business Energy Solutions Limited
Ceres Energy Limited
Chevron Products UK Limited
Cofathec Heatsave Limited
Contract Natural Gas Limited
Corona Energy Retail 1 Limited
Corona Energy Retail 2 Limited
Corona Energy Retail 3 Limited
Corona Energy Retail 4 Limited
Data Energy Management Services Limited
Distrigas S.A.
Distrigaz S.A/NV
Dong Energy Sales (UK) Limited
Dong Energy Sales (UK) Limited
Dong Naturgas A/S
E.ON Energy Gas (North West) Limited
E.ON UK Gas Limited
E.ON UK Plc
Eco Green Management Limited
Economy Gas Limited
EDF Trading Limited
Energy Data Company Limited
Energy For Business Limited
ENI Trading & Shipping S.P.A
Eni UK Limited
Enterprise Gas Limited
Fylde Gas and Power Limited
Gazprom Marketing & Trading Retail Limited

GDF Suez Energy UK Limited
GDF Suez Marketing Limited
GDF Suez Sales Limited
GDF Suez Solutions Limited
Hess Energy Power & Gas Company (UK) Limited
I.A.Z.F.S. Limited
ICD Gas Limited
International Power Fuel Company Limited
International Power Ltd.
J.P. Morgan Energy Europe Limited
JP Morgan Securities Plc
K O Brokers Limited
Krave Management Limited
Lourdes Associates Limited
Macquarie Bank Limited
Macquarie Commodities Finance (UK) Limited
Macquarie Factoring (UK) Limited
Nationwide Gas Limited
North Sea Gas Limited
Npower Commercial Gas Limited
Regent Gas Limited
RWE Generation UK Plc
RWE Supply and Trading Gmbh
S. C. Isramart SRL
SmartestEnergy Limited
Société Valmy Défense 17
SSE Energy Supply Limited
Statoil (UK) Limited
Statoil Gas Trading Limited
Swift Administration Limited
Team Gas and Electricity Limited
The Nuclear Decommissioning Authority
The Royal Bank of Scotland Public Limited Company
Total Energy Gas Supplies Limited
TXU Europe (AHG) Limited
Unigas Limited
Universal Bioenergy Limited
Uttily plc
Valero Energy UK Ltd
Vayu Limited
WINGAS GmbH
Wingas UK Limited
Winnington Networks Limited