

For the attention of all licenced gas shippers

27 October 2014

Dear Sir/Madam,

**Notice requiring the production of specified information under Section 34A of the Gas Act 1986 (the Gas Act) in relation to long term contracts**

This letter accompanies a formal Notice under Section 34A of the Gas Act requiring holders of a gas shipper licence to produce the information specified in the Notice. This information includes details of all gas supply contracts which have a duration of more than one year with suppliers from third countries<sup>1</sup> and European Economic Area (EEA)<sup>2</sup> countries to which the licensee was a party on 1 October 2014. Similar requests for such information were made by Ofgem in 2011, 2012 and 2013. Please note that this information must be sent to [wholesale.markets@ofgem.gov.uk](mailto:wholesale.markets@ofgem.gov.uk) **no later than 5pm on 24 November 2014.**

*Background*

The Notice attached to this letter is served in exercise of the Authority's<sup>3</sup> power to request information from regulated persons in relation to specified activities. The Notice sets out the relevant sections of the relevant legislation in detail. In August 2011, December 2012 and November 2013, Ofgem asked gas undertakings to provide information on long-term gas contracts. Ofgem requested the information in order to monitor compliance with security of supply and reliability rules. The information collected was aggregated and sent to DECC, as will be the case with the information provided in response to this request.

*Confidentiality, disclosure and publication*

Any information provided to Ofgem which relates to the affairs of an individual or a particular business will be subject to statutory restrictions on disclosure under Section 105 of the Utilities Act 2000. However, you should note that there are exceptions to the statutory restrictions, including where the disclosure is necessary to facilitate the statutory functions of Ofgem (e.g. publishing information to promote the interests of consumers) or other public bodies.

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<sup>1</sup>"Third country" means a country that is not, and is not part of, an EEA state. For a fuller explanation of which contracts will be affected and how these should be reported please see the explanatory notes at Appendix 2 to the formal Notice.

<sup>2</sup>"European Economic Area" EEA comprises the member states of the European Union (EU), plus Iceland, Liechtenstein and Norway.

<sup>3</sup>"The terms "the Authority", "Ofgem" and "we" are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

You should note that Ofgem cannot provide any assurances in relation to the treatment of information which may be the subject of a request made under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. However, we can confirm that Ofgem will always consider whether the statutory restrictions on disclosure apply to the requested information and therefore whether one or more of the exemptions or exclusions under the relevant legislation apply.

Before deciding whether to publish any information relating to the affairs of a particular licence holder or business, Ofgem is required to consider whether it is appropriate to redact any information on the basis that the information would or might, in our opinion, seriously and prejudicially harm the interest of that person ("confidential information").

***To help us conduct this assessment (if we are considering publishing information) please indicate in your response whether you consider any information to be confidential information and provide brief reasons why.*** In addition, we intend to publish information we receive in response to this request to aid market transparency and provide information on security of supply. We will publish in an aggregated form to protect confidential information. Please confirm whether you consent to this.

Where appropriate, we may seek further representations from relevant persons at a later stage in respect of any specific information Ofgem is proposing to publish.

*Your response*

The information specified in the Notice and its appendices must be sent to Ofgem at [wholesale.markets@ofgem.gov.uk](mailto:wholesale.markets@ofgem.gov.uk) **by no later than 5pm on 24 November 2014**. This information must be provided in an appropriate electronic form, based on the format set out in Appendix 1 to the Notice.

We have issued separate Notices to each relevant company, which holds a shipper licence. Where a licensee is part of a corporate group with multiple licensees, we are happy to receive one consolidated reply (containing separate electronic forms for each licensee) on behalf of all the applicable licensees. We would be grateful if you could ensure a copy of this letter reaches the relevant contact within your organisation.

If you have any questions concerning this Notice please contact my colleague Mohammed Javid ([mohammed.javid@ofgem.gov.uk](mailto:mohammed.javid@ofgem.gov.uk) /0203 263 9871).

Yours faithfully,

**Rob Mills**

Interim Associate Partner, Wholesale Gas Markets

**NOTICE**  
**Request for information pursuant to Section 34A of the Gas Act 1986**

For the attention of all licenced gas shippers

**Whereas:**

1. The licensee is the holder of a gas shipper licence granted or treated as granted under section 7A(2) of the Gas Act 1986 (the "Act") and therefore a regulated person for the purposes of the Act.

2. In accordance with section 34A(1) of the Act, the Gas and Electricity Markets Authority ("the Authority") is performing its duty under section 34 of the Act:

(a) to keep under review the carrying on both in Great Britain and elsewhere of activities connected to the supply of gas, including the following matters specified in Article 41(1)(h) of the Gas Directive<sup>4</sup>:

*"monitoring compliance with and reviewing the past performance of network security and reliability rules and setting or approving standards and requirements for quality of service and supply or contributing thereto together with other competent authorities;" and [security means both security of supply of natural gas and technical safety];"* and

(b) to collect information with respect to the activities and matters mentioned in (a), and the persons by whom they are carried on, with a view to facilitating the exercise of the Authority's functions.

**Now therefore:**

3. Pursuant to section 34A(2) of the Act, the Authority hereby requires the licensee to provide to the Authority all the information which is specified or described in the appendices attached to this Notice.

4. The information specified or described in Appendix 1 attached to this Notice must be delivered in the specified electronic format (please see the appendices to this Notice for more information) to Ofgem at [wholesale.markets@ofgem.gov.uk](mailto:wholesale.markets@ofgem.gov.uk) **no later than 5pm on 24 November 2014**

Signed

**Rob Mills**

Interim Associate Partner, Wholesale Gas Markets - Duly authorised on behalf of the Authority

**Dated: 27 October 2014**

Failure to comply with the terms of this Notice may constitute a breach of a relevant requirement and may therefore lead to enforcement action being taken by the Authority pursuant to Section 28 of the Gas Act.

The alteration, suppression or destruction of documents or records requested in this Notice may lead to criminal action under Section 34A(5) of the Gas Act. The provision of false information may also lead to criminal action under Section 43 of the Gas Act.

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<sup>4</sup> Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.

## Appendix 1 - Request for information pursuant to Section 34A of the Gas Act 1986

### Information requested in respect of long term contracts

We require the licensee to provide details of all gas supply contracts with a duration of more than one year with suppliers from third countries and those from EEA countries to which the licensee was a party on 1 October 2014. This information must be provided in two tables, one for contracts with EEA member states, and one for contracts with third countries.

Volumes should be reported in millions of cubic meters (mcm). When volumes are converted from another unit to mcm; conversion factors used should be provided. The following template should be used for each contract and all notifications should be made electronically:

#### EEA Member State long run contracts

Contract 1 (Example)					
Duration	2009-2018				
Contracted volume in total (in mcm)	1000				
Contracted volume per gas year (in mcm)	2014	2015	2016	2017	2018
	200	300	200	200	100
Contracted average volume per month (in mcm)	Oct'14 20	Nov '14 30	....	Sep '18 25	
Contracted maximum daily volumes (in mcm)	6				
Contracted delivery points	Bacton				
Contracted firm <sup>5</sup> daily volumes(in mcm)	100				
Country of origin of gas supply	Netherlands				
Name of the supplier	Company ZZ				

#### Third countries long run contracts

Contract 2 (Example)					
Duration	2009-2018				
Contracted volume in total (in mcm)	1000				
Contracted volume per gas year (in mcm)	2014	2015	2016	2017	2018
	200	300	200	200	100
Contracted average volume per month (in mcm) at 1 October 2014	Oct '14 20	Nov '14 30	....	Sep '18 25	
Contracted maximum daily volumes (in mcm)	6				
Contracted delivery points	Bacton				
Contracted firm daily volumes(in mcm)	100				
Country of origin of gas supply	Qatar				
Name of the supplier	Company ZZ				

We intend to publish information we receive in response to this request in an aggregated form to protect confidential information. Please confirm whether you consent to this.

The licensee must continue to notify the Authority of the above details in respect of all new contracts and in the event of changes to existing contracts with suppliers from third countries and those from EEA countries, which the licensee enters into after the submission deadline. The template above should be used for each update.

The information requested must be provided in accordance with the explanatory notes set out in Appendix 2 attached to the Notice.

Note, "third country" means a country that is not, and is not part of, an EEA state.

<sup>5</sup> We consider a contract to be "firm" when contracted volumes of gas cannot be diverted to another destination

## **Appendix 2 – Explanatory Notes – information required**

This request is for all holders of a British gas shipper licence, and applies to all of the contracts for the import of gas to Great Britain with a duration of more than 1 year which they hold with a third country and those with an EEA based supplier. This does not include contracts with end-consumers for the supply of gas.

For companies which are EU subsidiaries of third country companies, the information should be provided in respect of the contracts they hold with their parent companies.

The information to be submitted is only in respect of contracts where delivery to Great Britain is expected. Please do not include contracts where delivery is specified as being to another EU member state but could be diverted to Great Britain.

Our request relates only to information relating to licensees' supply or commodity contracts. For example, we do not require information on contracts for interconnector import capacity.

We are aware that most contract terms do not specify daily or monthly contract volumes and that some are seller nominated so do not even specify annual volumes. In such cases, we request that you submit estimates of the likely volume.

We understand that the licensee may not have any contracts with a duration of 1 year which the licensee was/became a party on 1 October 2014. In such circumstances we request you simply respond stating this.

Finally, our request does not concern secondary trading of gas which may have originated outside of GB, as this could result in double counting. Similarly, our request relates only to the physical delivery of gas and therefore we do not require information on purely financial contracts. However, our request does include importation contracts where the point of delivery is the National Balancing Point (NBP).