

GAS SUPPLY LICENCE

STANDARD CONDITION 1 (DEFINITIONS FOR STANDARD CONDITIONS)

Notice of direction issued by the Gas and Electricity Markets Authority pursuant to Standard Condition 1

Notice of reasons for the decision to make a direction under section 38A of the Gas Act 1986

WHEREAS:

1. Each of the companies to whom this Notice is addressed ('the licensee') holds a gas supply licence granted, or treated as granted, pursuant to section 7A(1) of the Gas Act 1986 ('the licence').
2. The Gas and Electricity Markets Authority ('the Authority') has the power pursuant to paragraph 1.2 of standard condition 1 of the licence to issue a direction in order to specify the consumption value which is the basis for the definition of "Ofgem Consumption Details" in paragraph 1.2.
3. The Authority issues Typical Domestic Consumption Values ('TDCV') from time to time. The TDCVs are a key input to estimate the annual electricity and gas bill of a typical domestic customer.
4. The Authority decided on 28 May 2015 to update the TDCVs to reflect continued falls in domestic energy consumption. The Authority set out its reasons for this decision in:
 - a) its letter "Decision on revised Typical Domestic Consumption Values for gas and electricity", 28 May 2015; and
 - b) its letter "Ofgem's proposal to revise the Typical Domestic Consumption Values for gas and electricity", 24 March 2015.
5. During the Retail Market Review ('RMR') consultation process, the Authority stated its intention that the medium user TDCV should be the basis for the Ofgem Consumption Details for the purpose of standard condition 1. The Authority's reasons for this decision are set out in the following documents:
 - a) The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information, 27 August 2013;
 - b) The Retail Market Review – Statutory consultation on the RMR domestic proposals (95a/13), 20 June 2013;
 - c) The Retail Market Review – Final domestic proposals (40/13), 27 March 2013;
 - d) The Retail Market Review – Final Impact Assessment for domestic proposals (41/13), 27 March 2013.
6. These documents (and the documents referred to in paragraph 4 of this direction) are available from the Ofgem website at www.ofgem.gov.uk.
7. Accordingly, the Authority has decided to issue this direction to specify the consumption value which will be the basis for the Ofgem Consumption Details for the

purposes of standard condition 1. The Authority has decided that the relevant consumption value is the TDCV for medium gas users.

NOW THEREFORE:-

8. The Authority hereby directs that the consumption value which forms the basis for the definition of Ofgem Consumption Details as set out in paragraph 1.2 of standard condition 1 will be 12,500 kWh.

9. The direction shall take effect on and from 1 September 2015 and shall continue until revoked or revised by the Authority in accordance with standard condition 1.

Dated the: 28 May 2015

Handwritten signature of Neil Barnes in black ink.

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Neil Barnes

Associate Partner, Retail Markets

Duly authorised on behalf of the Authority