

To: All holders of a gas supplier licence (“licensees”) who are in respect of any one or more modifications relevant licence holders for the purposes of section 23(10) of the Gas Act 1986

NOTICE OF A STATUTORY CONSULTATION ON A PROPOSED MODIFICATION PURSUANT TO SECTION 23 OF THE GAS ACT 1986 OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCES GRANTED OR TREATED AS GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986

WHEREAS:

1. Each of the companies to whom this notice is addressed holds a gas supply licence granted or treated as granted pursuant to section 7A(1) of the Gas Act 1986 (the “Act”).
2. In accordance with section 23(2), (3) and (4) of the Act, the Gas and Electricity Markets Authority (the “Authority”) gives notice (“Notice”) that it proposes to modify the standard conditions of the gas supply licence by:
 - (i) Removing standard conditions 12.8 to 12.16 (“Inspection of Gas Meters”); and
 - (ii) Modifying standard condition 17.12 (“Information to Relevant Gas Shipper or Gas Transporter about premises”).
3. The reasons why the Authority proposes these modifications have been published by the Authority in the following documents:
 - a) Reforming suppliers’ meter inspection obligations – final proposals; and
 - b) Reforming suppliers’ meter inspection obligations¹.

In summary, we are proposing these modifications because:

We consider that the objectives of the requirement to inspect gas meters in conditions 12.8 to 12.16, to protect consumers against metering safety risks, gas theft, and billing inaccuracy, are more effectively and efficiently achieved through compliance with other conditions of the gas supply licence, industry codes, and legislation. Matters of safety are covered in health and safety legislation such as the Health and Safety at Work etc Act 1974, and the Meter Asset Managers Code of Practice. Gas theft is targeted through condition 12A (“Matters relating to Theft of Gas”) of the gas supply licence. Billing accuracy is dealt with by condition 21B (“Billing based on meter readings”) of the gas supply licence, but this may only require a supplier to take a meter reading rather than carry out a meter inspection.

- (i) The removal of conditions 12.8 to 12.16 does not affect other legal obligations which may require a supplier to inspect a meter. For example, a supplier may need to inspect a meter for the purposes of detecting or investigating potential theft as part of their requirements in condition 12A (“Matters relating to Theft of Gas”) of the gas supply licence.
- (ii) Our modifications do not remove the requirement on suppliers to share the date of meter inspections, carried out by or on behalf of the supplier, with the relevant gas transporter. We consider that this requirement facilitates useful data-sharing with other industry parties, for example, when a consumer

1

https://www.ofgem.gov.uk/sites/default/files/docs/2015/07/reforming_suppliers_meter_inspection_obligations_final_0.pdf

switches gas supplier.

4. The effects of these proposed modifications are described in the documents referred to in paragraph 3 of this Notice. In summary, the effects of these proposed modifications are:
 - (i) **Proposed modifications to standard licence condition 12** – these modifications remove the requirement for licensees to inspect their meters at least once every two years. We consider that the objectives of conditions 12.8 to 12.16 are provided for in condition 21B (“Billing based on meter readings”), condition 12A (“Matters relating to Theft of Gas”), and existing health and safety legislation, including those listed in paragraph 3(i).
 - (ii) **Proposed modifications to standard licence condition 17.12** - these modifications remove the references to condition 12 as well as requirements to provide certain meter read and inspection information to the Relevant Gas Transporter. Following these modifications, the licensee will only be required to provide the date of an inspection that it undertakes for the purpose of maintaining the safety and proper working of a meter. This may include inspections that a supplier has undertaken where it considers it appropriate for the purposes of fulfilling its requirements under condition 12A (“Matters relating to Theft of Gas”) and/or condition 21B (“Billing based on meter readings”). The Authority proposes to retain the requirement on Gas Transporters to maintain an accurate record of the date of inspections notified to them by a supplier pursuant to licence condition 17.12.
5. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively they are available from our Research and Information Centre, 9 Millbank, London, SW1P 3GE (020 7901 7003).
6. Any representations with respect to the proposed licence modifications must be made on or before 15 December 2015 to: Tom Handysides, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to Tom.Handysides@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 on the Ofgem website more easily.
8. The envisaged text for the proposed modifications is set out in the schedules to this Notice.
9. Subject to responses to the statutory consultation, in the event that the Authority decides to proceed with the modifications, it is intended that the modifications will take effect on a date which is at least 56 days after the date on which the Authority’s decision is published.

**Rob Salter – Church, Partner
Duly authorised on behalf of the
Gas and Electricity Markets Authority**

16 November 2015

Schedule 1

The text below, which is highlighted by track changes, constitutes the envisaged modifications to standard condition 12 (deletions are shown by strikethrough text).

Condition 12. Matters relating to Gas Meters

~~Inspection of Gas Meters~~

~~12.8—Unless the Authority otherwise consents, the licensee must take all reasonable steps to ensure that it inspects, at least once every two years, any Gas Meter and associated installation in respect of premises at which it is the Relevant Gas Supplier.~~

~~12.9—Where the licensee has been the Relevant Gas Supplier for less than two years, the period of two years referred to in paragraph 12.8 will be deemed to expire on a date specified in a notice given by the Relevant Gas Transporter which has been sent to the licensee by:~~

~~(a)—the Relevant Gas Shipper; or~~

~~(b)—the Relevant Gas Transporter, where the licensee is the Relevant Gas Shipper,~~

~~at least four months in advance of that date.~~

~~12.10—In paragraph 12.8, the reference to “all reasonable steps” includes, in particular, trying to obtain a warrant under the Rights of Entry (Gas and Electricity Boards) Act 1954 in cases where the licensee could not otherwise comply with its obligation.~~

~~12.11—Paragraph 12.8 does not apply in relation to Secondary Premises.~~

~~12.12—An inspection under paragraph 12.8 must be carried out by a person possessing appropriate skill and experience.~~

~~12.13—An inspection under paragraph 12.8 must include:~~

~~(a)—taking a meter reading;~~

~~(b)—inspecting the Gas Meter and associated installation for evidence of tampering;~~

~~(c)—inspecting the Gas Meter and associated installation for evidence that the meter has not continuously been in position for the purpose of registering the quantity of gas supplied;~~

~~(d)—arranging for information in respect of any gas leakage identified in the vicinity of the Gas Meter to be passed on in accordance with the Gas Safety (Management) Regulations 1996 as if the licensee had been informed of that leakage;~~

~~(e)—inspecting the Gas Meter for any evidence of deterioration which might affect its safety or proper functioning; and~~

~~(f)—where necessary, and subject to the consent of the owner of the Gas Meter, changing any batteries in the meter.~~

~~12.14 Nothing in sub-paragraphs 12.13(a) to (e) requires the licensee to disassemble any part of the Gas Meter.~~

~~12.15 Paragraph 12.16 applies where the Relevant Gas Transporter does not record separately:~~

~~(a) — any inspection carried out in accordance with paragraph 12.8; and~~

~~(b) — any meter readings taken by authorised officers of the licensee,~~

~~and the Relevant Transporter has informed the licensee that it has not made such records.~~

~~12.16 Without prejudice to paragraph 12.8, the licensee must ensure that an inspection of a Gas Meter and associated installation takes place on each occasion on which the meter is read by one of its authorised officers.~~

Schedule 2

The text below constitutes the envisaged modifications to standard condition 17.12 (insertions are shown by double underlined text and deletions are shown by strikethrough text).

Condition 17. Mandatory exchange of information

Information to Relevant Gas Shipper or Relevant Gas Transporter about premises

17.12 The licensee must, as soon as reasonably practicable, give the Relevant Gas Shipper, for transmission to the Relevant Gas Transporter (or give the Relevant Gas Transporter, where the licensee is the Relevant Gas Shipper), the date details of each inspection of a Gas Meter carried out by or on behalf of the licensee in respect of premises at which it is the Relevant Gas Supplier for the purpose of maintaining the safety and proper working order of the Gas Meter under paragraphs 12.8 to 12.16, including,:

- (a) ~~the date on which the inspection was carried out;~~
- (b) ~~the reading of the register; and~~
- (c) ~~what, if anything, was found.~~