

To: All holders of a gas transporter licence ("licensees") who are relevant licence holders for the purpose 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 SPECIAL CONDITIONS OF THE GAS TRANSPORTER LICENCES GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS ACT 1986

WHEREAS:

1. Each of the companies to whom this notice is addressed holds a gas transporter licence granted, or treated as granted, pursuant to section 7 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 special conditions of the gas transporter licence by:
 - (i) Modifying Standard Special Condition A50 ("System Development Obligations"); and
 - (ii) Removing Standard Special Condition D17.6 ("Provision and Return of Meters").
3. The reasons why the Authority proposes to make these licence 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:

- (i) We are proposing to remove standard conditions 12.8 to 12.16 of Gas Suppliers' licences which require Gas Suppliers to inspect their gas meters at least once every two years. Standard Special Condition A50 of the gas transporter licences makes reference to the requirements in standard conditions 12.8 to 12.16 of Gas Suppliers' licences. The removal of conditions 12.8 to 12.16 of Gas Suppliers' licences 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 Gas Suppliers' licences. Retaining the requirement for gas transporters to record meter inspection details passed on to them by holders of a gas supply licence may facilitate useful data-sharing with other industry parties, for example when a consumer switches gas supplier.
 - (ii) Our proposed modifications to the gas supply licences remove the requirements on gas suppliers to inspect meters according to a minimum time interval. Therefore, the requirements in Standard Special Condition D17 of the gas transporters' licence, for gas transporters to notify gas shippers or gas suppliers of the due date of the next inspection where there has been a change of gas supplier for the relevant premise, is no longer relevant.
4. The effect of these proposed modifications are described in the documents referred

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

to in paragraph 3 of this Notice. In summary, the effect of these modifications are:

- (i) **Proposed modifications to Standard Special Condition A50** - these modifications remove the reference to standard condition 12 of the Gas Suppliers' licences, but still retain the requirement for gas transporters to keep a record of meter inspections notified to the gas transporter by the relevant supplier. The proposed modifications will limit this requirement to those inspections which the licensee is notified of pursuant to standard condition 17.12 ("Information to Relevant Gas Shipper or Relevant Gas Transporter about premises") of the Gas Suppliers' licences. The Authority is proposing to modify condition 17.12 to limit its scope to only cover inspections undertaken for the purpose of maintaining the safety and proper working order of the gas meter. Relevant suppliers will only be required to notify the gas transporter of the date on which an inspection was carried out.
 - (ii) **Proposed modification to Standard Special Condition D17** - Standard Special Condition D17 currently requires the licensee to notify the relevant shipper, for transmission to the relevant supplier, of the date by which the next meter inspection should be carried out in order for that supplier to meet the requirements under its licence to carry out inspections every two years. This modification removes this requirement.
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 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 constitutes the envisaged modifications to standard condition 17.12 (insertions are shown by double underlined text and deletions are shown by strikethrough text).

Standard Special Condition A50: System Development Obligations

8. The licensee shall keep a record –

- (g) as to the date of the most recent inspection of a gas meter of which the licensee has been notified, in pursuance of standard condition 17.12 12 (~~Matters relating to Gas Meters Information to Relevant Gas Shipper or Relevant Gas Transporter about premises~~) of the standard conditions of gas suppliers' licences as incorporated in a relevant supplier's licence, ~~of which the licensee has been notified during the relevant period.~~

Schedule 2

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

Standard Special Condition D17. Provision and Return of Meters

6. ~~Where the record kept by the licensee under paragraph 8 of Standard Special Condition A50 (System Development Obligations) shows that a relevant supplier has supplied gas to particular premises for less than 2 years and that the supplier has not, since it began to supply gas to those premises, secured an inspection of the meter for the purposes of standard condition 12 (Matters relating to Gas Meters) of the standard conditions of the Gas Supply licence as incorporated in its licence, the licensee shall give to the relevant shipper, for transmission to the supplier (except where the recipient of the notice is itself the supplier), not less than 4 months' notice of the date by which the next such inspection should be carried out, being a date falling not more than 2 years after the date shown in the licensee's record as the date of the last such inspection or, if later, 5 months after the licensee is informed that the supplier has begun to supply gas to the premises.~~