

To: All holders of an electricity supply licence

**Electricity Act 1989
Section 11A(1)(b)**

Modification of the standard conditions of all electricity supply licences

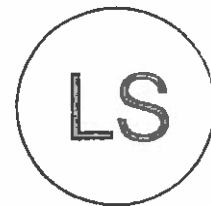
1. Each of the licensees to whom this document is addressed has an electricity supply licence which has been granted or treated as granted under 6(1)(d) of the Electricity Act 1989 (the Act).
2. Under section 11A(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave Notice on 16 October 2018 ('the Notice') that we proposed to modify standard condition 11, and introducing standard condition 11B in the manner set out in Schedule 1 to the Notice. We stated that any representations to the modification proposal must be made on or before 16 November 2018.
3. A copy of the Notice was sent to the Secretary of State in accordance with section 11A(4)(b) of the Act, and we have not received a direction that the change should not be made.
4. We received 39 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out at the accompanying letter.
5. We are making these licence modification in order to facilitate the implementation of, and thereafter gas suppliers' accession to and compliance with, the Retail Energy Code, which we expect to give effect through designation in early 2019.
6. We have also placed a duty on electricity supply licensees, along with other holders of licences granted under the Gas Act 1986 or Electricity Act 1989, to cooperate with the Authority or any person(s) appointed by the Authority, as may be required to give full effect to the conclusions of a Significant Code Review.
7. The reason for this modification is to ensure that change programmes initiated or sponsored by the Authority are delivered in an effective manner. At present, the Significant Code Review procedures focus on the process up to the point at which a decision is made to modify the relevant industry codes. The new requirements will ensure that any necessary change to systems and other processes are also delivered in an effective manner to deliver the policy intent.
8. The effect of the modification(s) will be to:
 - a) introduce standard condition 11B, which states the scope and relevant objectives of the Retail Energy Code, and sets out the requirement for all electricity suppliers to become parties to and thereafter to comply with that document;
 - b) add a duty to cooperate with the Authority in delivery of a Significant Code Review into standard condition 11;
 - c) include definitions of new terms where appropriate.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

9. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 11C of the Act, Rule 5.7 of the Energy Licence Modification Appeals: Competition and Markets Authority Rules² requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-sensitive 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. Section 11A(10) of the Act sets out the meaning of 'relevant licence holder'.
10. Under the powers set out in section 11A(1)(b) of the Act, we hereby modify the standard licence conditions for all electricity supply licences in the manner specified in attached Schedule 1. This modification will take effect 1 February 2019.
11. This document is Notice of the reasons for the decision to modify the electricity supply licences as required by section 49A(2) of the Act.

**The Official Seal of the Gas and Electricity Markets Authority
here affixed is authenticated by the signature of**

Rachel Clark,
Programme Director, Switching Programme
Duly authorised on behalf of the Gas and Electricity Markets Authority



6 December 2018

² CMA70: www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

Schedule 1: Modification of Standard Condition 1 and 11 of the Electricity Supply licence

Deletions are shown in strike through and new text is double underlined.

Condition 1: Definitions for standard conditions

Modify:

"Industry Codes" means any and all of the following:

- (a) the Balancing and Settlement Code;
- (b) the Connection and Use of System Code
- (c) the Distribution Code;
- (d) the Distribution Connection and Use of System Agreement;
- (e) the Grid Code; ~~and~~
- (f) the Master Registration Agreement; ~~and~~
- (g) the Retail Energy Code.

"Retail Energy Code" means the Retail Energy Code designated by the Authority in accordance with standard condition 11B (Retail Energy Code) of the licensee's Electricity Supply Licence

Condition 11: Compliance with Codes

Insert:

Duty to cooperate

11.13 The licensee will cooperate with the Authority and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any reasonable requests in relation to planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a Significant Code Review.

11.14 Cooperation for the purposes of condition 11.13 may include but not be limited to:

- a) the sharing of such information as reasonable, and constructive participation in industry engagement in order to undertake appropriate planning of changes to IT systems or industry standard operational processes system changes pursuant to the conclusions of a Significant Code Review;
- b) the provision of such data as may be identified and reasonably requested in order to undertake testing and/or the population of any new central systems;
- c) the preparation and cleansing of such data as may reasonably be requested in order to facilitate live operation of the new central system;

- d) the provision of test scripts and results of any testing as may be requested by any person appointed to assure the success of any testing;
- e) all reasonable steps to:
 - i) meet key programme milestones for the completion of any action(s) assigned to the licensee;
 - ii) adhere to any remedial plan put in place to address any issues, delays or slippage that may impact the licensee's ability to meet programme milestones, to the extent that failure to do so may jeopardise the successful and timely implementation of the programme;
 - iii) identify any dependencies that the licensee may have upon agents or other third-parties and secure the necessary support from such parties; and,
 - iv) promptly escalate and/or resolve any disputes that if unresolved may jeopardise the fulfilment of these obligations.

11.15 For the purposes of 11.13 only:

Significant Code Review means a review of matters in relation to its principal objective and/or general duties (under section 3A of the Electricity Act or section 4AA of the Gas Act), statutory functions and/or relevant obligations arising under EU law, which the Authority considers are likely to relate to one or more of the documents referred to in this condition, or to which the licensee is required under this licence to be a party, and concerning which the Authority has consulted upon and issued a Notice to the parties stating that the review will constitute a Significant Code Review.

Insert:

Condition 11B: Retail Energy Code

11B.1 The licensee must be a party to, comply with and maintain the Retail Energy Code (for this condition only, the "REC"), as may be designated by the Authority for the purposes of this condition.

11B.2 If a consequential change is required, the licensee must take all reasonable steps to secure and implement, and must not take any unreasonable steps to prevent or delay, the making or implementation of that consequential change.

11B.3 Paragraph 11B.2 is without prejudice to:

(a) any right of appeal that the licensee may have in relation to a decision made by the Authority under the Industry Codes; and

(b) any right of approval, veto or direction that the Authority or the Secretary of State may have in relation to changes to Industry Codes.

11B.4 The licensee must take all reasonable steps to secure and implement changes to its systems, procedures and processes which are necessary to give full, timely and practical effect to any modification of the REC.

11B.5 The licensee must take all reasonable steps to ensure that the REC remains an agreement which:

(a) is designed to facilitate the achievement of the relevant objectives set out in paragraph 11B.6; and

(b) includes the matters set out in paragraph 11B.7

11B.6 The relevant objectives referred to in sub-paragraph 11B.5 (a) are:

- a) to ensure the REC operates and evolves in a manner that facilitates the achievement of its mission statement;
- b) to ensure customers interests and data is protected in the operation of the REC; and,
- c) to drive continuous improvements and efficiencies in the operation of the REC and the central systems and communication infrastructures it governs,

11B.7 The matters referred to in sub-paragraph 11B.5(b) are:

- (a) provision for enabling the REC to be modified from time to time so as to better facilitate the achievement of the relevant objectives set out in paragraph 11B.6;
- (b) provision for enabling parties to the REC, and such other persons as may be specified in the code, to appeal against a decision to implement or reject any proposed modification of it, where that modification does not require the Authority's approval, to the Authority for determination;
- (c) for the REC, and all ancillary documents and products to be published on a free to access website; and
- (d) where an appeal has been raised in respect of a modification proposal in accordance with sub-paragraph (b), provision for that modification proposal to be treated in accordance with any decision and/or direction of the Authority following that appeal.

11B.8 The REC must provide for:

- (a) a panel body, as specified in the REC (the "panel") whose functions shall include the matters required by this condition and as set out in the REC; and
- (b) a person or body, as specified in the REC, to perform the role of code manager (the "REC manager"). In addition to any powers, duties or functions set out in the REC, the REC manager shall:
 - (i) together with other code managers and/or code administrators, publish, review and (where appropriate) amend from time to time the Code of Practice approved by the Authority (any amendments to the Code of Practice are to be approved by the Authority);
 - (ii) facilitate the procedures for making a modification to the REC;
 - (iii) have regard to, and in particular (to the extent relevant) be consistent with the principles contained in, the Code of Practice; and
 - (iv) provide assistance, insofar as is reasonably practicable and on reasonable request, to parties (including, in particular, Small Participants) and, to the extent relevant, consumer representatives that request the code manager's assistance in relation to the REC including, but not limited to, assistance with:

- a. drafting a modification proposal;
- b. understanding the operation of the REC;
- c. their involvement in, and representation during, the modification procedure processes (including, but not limited to, code panel and/or workgroup meetings);
- d. accessing information relating to modification proposals and/or modifications.

and

- (c) a "performance assurance board" to conduct and administer activities identified within the REC and being appropriate to provide assurance that all participants in the REC arrangements, particularly those relating to switching activities, are suitably qualified and that the relevant standards are maintained.

11B.9 The modification procedures referred to in sub-paragraph 11B.7(a) must provide:

- (a) for a modification report to be prepared in such manner and with all such contents as specified in the REC, which shall include an assessment of the extent to which the proposed modification would better facilitate achieving the relevant objectives and a detailed explanation of the reasons for that assessment;
- (b) where the proposed modification requires Authority approval in accordance with the provisions of the REC, for the revision and resubmission of the modification report upon, and in accordance with, a direction issued to the panel by the Authority, where the Authority determines that it cannot properly form an opinion on the approval of the modification proposal;
- (c) without prejudice to paragraph 11B.10B, that proposals for the modification of the REC falling within the scope of a Significant Code Review may not be made during the Significant Code Review phase, except:
 - a. where the Authority determines that the modification proposal may be made, having taken into account (among other things) the urgency of the subject matter of the proposal; or
 - b. at the direction of, or by, the Authority;
- (d) that where a modification proposal is made during a Significant Code Review phase the panel shall:
 - (i) unless exempted by the Authority, notify the Authority as soon as practicable of:
 - 1. any representations received in relation to the relevance of the Significant Code Review; and
 - 2. the panel's assessment of whether the proposal falls within the scope of the Significant Code Review and its reasons for that assessment; and
 - (ii) if the Authority so directs, not proceed with the modification proposal until the Significant Code Review phase has ended;

- (e) for proposals for the modification of the REC to be made by the licensee or the Authority (in relation only to modifications which fall within the scope of paragraph 11B.10E);
- (f) for modification proposals made by the Authority and the licensee in accordance with paragraphs 11B.9(e) and 11B.9(g)(i) respectively which fall within the scope of paragraph 11B.10E;
 - (i) to be accepted into the REC modification procedures by the REC Manager and/or REC Panel;
 - (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent; and
 - (iii) to proceed in accordance with paragraph 11B.9(g);
- (g) for compliance by the licensee and (where applicable) the panel with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable (in relation to a modification proposal which falls within the scope of paragraph 11B.10E) for;
 - (i) the licensee to raise a modification proposal(s); and/or
 - (ii) the completion of each of the procedural steps outlined in the direction, to the extent that they are relevant; and/or
 - (iii) the implementation of a modification.

11B.10 If, within twenty eight (28) days after the Authority has published its Significant Code Review conclusions;

- (a) the Authority issues directions to the licensee, the licensee shall comply with those directions and shall treat the Significant Code Review phase as ended;
- (b) the Authority issues to the licensee a statement that no directions under sub-paragraph (a) will be issued in relation to the REC, the licensee shall treat the Significant Code Review phase as ended;
- (ba) the Authority raises a modification proposal in accordance with paragraph 11B.9(e), the licensee shall treat the Significant Code Review phase as ended;
- (bb) the Authority issues a statement that it will continue work on the Significant Code Review, the licensee shall treat the Significant Code Review phase as continuing until it is brought to an end in accordance with paragraph 11B.10A;
- (c) neither directions under sub-paragraph (a) nor a statement under sub-paragraph (b) or (bb) have been issued, nor a modification proposal under sub-paragraph (ba) has been made, the Significant Code Review phase will be deemed to have ended.

The Authority's published conclusions and directions to the licensee will not fetter any voting rights of REC parties or members of the panel, or the procedures informing the modification report described at sub-paragraph 11B.9(a).

11B.10A Where the Authority issues a statement under sub-paragraph 11B.10(bb) and/or a direction in accordance with paragraph 11B.10D, the Significant Code Review phase will be deemed to have ended when;

- (a) the Authority issues a statement that the Significant Code Review phase has ended;

(b) one of the circumstances in sub-paragraphs 11B.10(a) or (ba) occurs (irrespective of whether such circumstance occurs within twenty-eight (28) days after the Authority has published its Significant Code Review conclusions); or
(c) the Authority makes a decision consenting, or otherwise, to the modification of the REC following the submission of the modification report prepared pursuant to sub-paragraph 11B.9(c) a,

11B.10B Where the Authority issues a statement in accordance with sub-paragraph 11B.10(bb) and/or a direction in accordance with paragraph 11B.10D, the Authority may submit a modification proposal for a modification falling within the scope of sub-paragraph 11B.10E(b) to the panel,

11B.10C The modification procedures must provide, where the Authority submits a Significant Code Review modification proposal to the panel in accordance with paragraph 11B.10B, for compliance with the modification procedures set out in sub-paragraphs 11B.9(a) and (b).

The Authority's published conclusions and Significant Code Review modification proposal will not fetter any voting rights of REC parties or members of the panel, or the procedures informing the modification report described at sub-paragraph 11.9(a).

11B.10D The modification procedures must provide for modification proposals raised in accordance with sub-paragraph 11B.10(a) or 11B.9(g), or by the Authority under sub-paragraph 11B.10(ba) and which fall within the scope of paragraph 11B.10E(b), the Authority may issue a direction (a "backstop direction"), which requires such proposal(s) and any alternatives to be withdrawn and which causes the Significant Code Review phase to recommence,

11B.10E Modification proposals fall within the scope of this paragraph where:

- (a) the Authority reasonably considers the modifications are necessary to comply with, or implement, the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and/or
- (b) the modification proposal is in respect of a Significant Code Review,

11B.11 Eligible grounds for appeal under the provisions referred to in sub-paragraph 11B.7(b) shall be that, in the opinion of the Authority:

- (a) (i) the appealing party is likely to be unfairly prejudiced by the implementation or non-implementation of that modification proposal; or
- (ii) the appeal is on the grounds that:

1. in the case of implementation, the modification proposal may not better facilitate the achievement of at least one of the relevant objectives; or
2. in the case of non-implementation, the modification may better facilitate the achievement of at least one of the relevant objectives; and

(b) the appeal is not brought for reasons that are trivial or vexatious, nor does the appeal have no reasonable prospect of success.

11B.12 The procedures for the modification of the REC must provide that recommendations or decisions for or against the implementation of a modification

proposal shall be made with regard to whether that modification would, as compared with the existing provisions of the REC, better facilitate the achievement of the relevant objectives.

11B.13 The procedures for the modification of the REC must be consistent with the principles set out in the Code of Practice, to the extent that they are relevant.

Interpretation

11B.14 For the purposes of this condition:

"Code of Practice" means the Code Administration Code of Practice approved by the Authority and;

- (a) developed and maintained by the code administrator(s) and/or manager(s) in existence from time to time;
- (b) amended subject to the Authority's approval from time to time; and
- (c) re-published from time to time

"Small participant" means

- (a) a supplier, or new entrant to the electricity and/or gas market in Great Britain that can demonstrate to the REC Manager that it is resource-constrained and, therefore, in particular need of assistance;
- (b) any other participant or class of participant that the code administrator considers to be in particular need of assistance; and
- (c) a participant or class of participant that the Authority has notified the code administrator as being in particular need of assistance.

Schedule 2: Relevant licence holders

1st Direct Utilities Plc	Opus Energy Limited
Affect Energy Ltd	Opus Energy Renewables Limited
Alabama Energy Limited	Orbit Energy Limited
Alaska Energy Limited	MoneyPlus Energy Limited
Albuquerque Energy Limited	Oregon Energy Limited
Alfa Smart Energy Ltd	Orsted Power Sales (UK) Limited
Ampoweruk Ltd	Our Power Energy Supply Limited
Arruzzi Energy Supply Limited	OVO Electricity Limited
Arto.Energy Limited	Paddington Power Limited
Avid Energy Limited	Palladium Energy Supply Limited
Avro Commercial Energy Trading Ltd	Pan-Utility Limited
Avro Energy Limited	People's Energy (Supply) Limited
Axis Telecom Limited	Perle Energy Limited
AXPO UK Limited	PFP Energy Supplies Limited
Barbican Power Limited	Pirranello Energy Supply Limited
Better Energy Supply Limited	Planet 9 Energy Limited
Bluebell Energy Supply Limited	Positive Energy Ltd
Bowfell Energy Limited	Pure Planet Limited
Breeze Energy Supply Limited	Purple Square Energy Limited
Brilliant Energy Supply Limited	Putney Energy Limited
Bristol Energy Limited	Robin Hood Energy Limited
British Gas Trading Limited	Rutherford Energy Supply Limited
Brits Energy Limited	Santana Energy Limited
Brook Green Trading Limited	Satus Energy Limited
Bruntwood Energy Services Limited	Scafell Energy Limited
Bryt Energy Limited	Scottish Power Energy Retail Limited
Bulb Energy Ltd	Shell Energy Europe Limited
Business Power and Gas Limited	Simcoe Energy Limited
Cabra Energy Supply Limited	Simple Electricity Ltd
Callesti Energy Supply Limited	Simple Energy Scotland Limited
Camaro Energy Supply Limited	Simplest Energy Ltd
Cardiff Energy Supply Limited	Simplicity Energy Limited
Celesto Enterprises Limited	Simply Electricity Limited
Cilleni Energy Supply Limited	Simply Your Energy Limited
Colgano Energy Supply Limited	Sinq Power Limited
Colorado Energy Limited	Skiddaw Energy Limited
Coniston Energy Limited	Skylane Energy Supply Limited
Co-Operative Energy Limited	Smart Electricity Limited
Corona Energy Retail 4 Limited	Snowdrop Energy Supply Limited
Coulomb Energy Supply Limited	Social Energy Supply Ltd
Crown Oil Limited	So Energy Trading Limited
Daisy Energy Supply Limited	Solarplicity Supply Limited
Delta Gas and Power Limited	Squeaky Clean Energy Limited
Donnington Energy Limited	SSE Electricity Limited
Dyce Energy Limited	SSE Energy Supply Limited
E2M - Energy Trading Ltd.	Sunflower Energy Supply Limited
Earl Power Supply Limited	Switch Business Gas and Power Ltd

Economy Energy Supply Limited
Economy Energy Trading Limited
Eddington Energy Supply Limited
EDF Energy Customers Limited

Edgware Energy Limited
Effortless Energy Ltd.
E (Gas and Electricity) Limited
Electraphase Ltd
Electricity Plus Supply Limited
Electroroute Energy Limited
ElectroRoute Supply Limited
Emexconsult Limited
Emzo Energy Supply Limited
Eneco Energy Trade BV
Energy COOP Limited
ENGIE Power Limited
Enstroga Ltd
Entice Energy Supply Limited
E.ON Energy Solutions Limited
ESB Energy limited
Euston Energy Limited
Eversergi UK Ltd
Eversmart Energy Ltd
Exelon Generation Limited
Extra Energy Supply Limited

Farmoor Energy Limited
Farringdon Energy Limited
First Utility Limited
Flow Energy Limited
Foxglove Energy Supply Limited
Gas and Power Limited
GNERGY Limited
Good Energy Limited
Goto Energy (UK) Limited
Green Energy (UK) plc
Green Network Energy Ltd
Hartree Partners Supply (UK) Limited
Hartlepower C.I.C.
Haven Power Limited
Holborn Energy Limited
Home Counties Energy Plc
Home Energy Trading Ltd
Hudson Energy Supply UK Limited
Igloo Energy Supply Limited
I Supply Energy Limited

ICS Energy Limited
Jacob Developments Limited

Symbio Energy Limited
Temple Energy Limited
The Energy Support Bureau Limited
The Renewable Energy Company Limited
Tillicum Energy Limited
Together Energy Supply Limited
Tonik Energy Limited
Toto Energy Ltd.
Toucan Energy Limited
Trio Utilities Ltd
Tru Energy Limited
UK Healthcare Corporation Limited
United Gas & Power Trading Ltd
Ure Energy Limited
Utilita Energy Limited
Utility Point Limited
Vanquist Energy Supply Limited
Vavu Power Limited
Venga Energy Supply Limited
Vermont Energy Limited
Victory Energy Supply Limited
Viper Energy Supply Limited
Virginia Energy Limited
Willamette Energy Limited
World Fuel Commodities Services (Ireland) Limited
Zebra Power Limited
Zenic Energy Ltd
ZOG Energy Ltd
Zythos Energy Limited
AMRECS LLC
BES Commercial Electricity Limited
Better Business Energy Limited
BP Energy Europe Limited
BP Gas Marketing Limited
CNG Electricity Limited
Danske Commodities A/S
Dual Energy Direct Limited
Eco Green Management Limited
Electricity Direct (UK) Limited
E.ON UK Plc
EPG Energy Limited
ETUL Ltd
F & S Energy Limited
Flexitricity Limited
Gazprom Marketing & Trading Retail Limited
Greater London Authority
Great Western Energy Ltd

KAL-Energy Limited
Kensington Power Limited
Labrador Ltd
Limejump Energy Limited
Logicor Energy Limited
Marble Power Limited
Mattina Limited

Maxen Power Supply Limited
Mississippi Energy Limited
Mongoose Energy Supply Limited
MVV Environment Services Limited
MyLife Home Energy Limited
Nabuh Energy Ltd
Nationwide Electricity Limited
Neas Energy Limited
Nevada Energy Limited
Nilo Developments Limited
Npower Direct Limited

Npower Limited
Npower Northern Limited
Npower Northern Supply Limited
Npower Yorkshire Limited
Npower Yorkshire Supply Limited
Octopus Energy Limited
Oneselect Limited
One Wales Energy - Un Ynni Cymru Ltd
Opus Energy (Corporate) Limited

GridBeyond Limited
I.A.Z.F.S. Limited
IPM Energy Retail Limited
LCC Group Limited
Lourdes Associates Limited
MA Energy Limited
Mercuria Energy Europe Trading Limited
New Stream Renewables Limited
Opal Gas Limited
Orsted Sales (UK) Limited
Power4All Limited
PX Supply Limited
Regent Power Limited
S. C. Isramart SRL
Shell Energy Supply UK Ltd.
SmartestEnergy Limited
Statkraft Markets GmbH
The Nuclear Decommissioning Authority
Total Gas & Power Limited
Tradelink Solutions Limited
UK Power Reserve Limited
United Gas & Power Ltd
Uttily plc
Vattenfall Energy Trading GmbH
Verastar Limited
Wilton Energy Limited
XLN Energy Limited