

To: All holders of a gas interconnector licence

**Gas Act 1986
Section 23(2)**

Modification of standard conditions 3 of the gas interconnector licence

1. Each of the licensees to whom this document is addressed has an gas interconnector licence which has been granted or treated as granted under section 7ZA of the Gas Act 1986 ('the Act').
2. Under section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave Notice on 16 October 2018 ('the Notice') that we propose to modify standard conditions 1, 11 and 30 as set out in Schedule 1. 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 23(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. The majority of respondents agreed with our proposals. Our response to the drafting comments is set out in the accompanying letter.
5. We have decided to place a duty on gas interconnector licence holders, along with all 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.
6. 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.
7. The effect of the modification(s) will be to:
 - a) insert into the unused standard condition 3 a duty to cooperate with the Authority in delivery of a Significant Code Review; and
 - b) include definitions of new terms where appropriate.
8. 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

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

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

5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

9. Under the powers contained in section 23(1)(b) of the Act, we hereby modify the standard licence conditions for all gas supply licences in the manner specified in attached Schedule 1. This modification will take effect 1 February 2019.
10. This document is notice of the reasons for the decision to modify the gas interconnector licence as required by section 38A of the Act.

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



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

6 December 2018

Schedule 1 – Modification of Standard Condition 3 of the gas interconnector licence

Insert:

Duty to cooperate

4. The licensee will cooperate, as necessary, with the Authority and/or any person(s) appointed by the Authority or appointed pursuant to a direction of the Authority, to undertake any planning, project assurance and/or coordination/systems integration in order to give full effect to the conclusions of a "significant code review",
5. Cooperation for the purposes of paragraph 4 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 SCR;
 - 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,

Interpretation

6. In this condition:

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.

Schedule 2: Relevant licence holders

BBL Company
GNI (UK) Limited
Interconnector (UK) Limited
Premier Transmission Limited