

To: All holders of a gas transporter licence

**Gas Act 1986
Section 23(1)(b)**

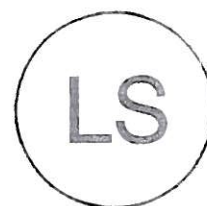
Modification of the standard conditions of all gas transporter licences

1. Each of the licensees to whom this document is addressed has a gas transporter licence which has been granted or treated as granted under 7 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 condition 14. 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. Our response to these comments is set out in the accompanying letter.
5. We are making these licence change(s) in order to place a duty on gas transporters 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. This is to ensure a continuity of effective programme governance beyond the point at which the Authority may direct modifications to relevant licences and/or industry codes, through the design, build and test phase to the subsequent implementation of associated IT systems.
6. We are also making the licence changes set out in Schedule 1 of this Notice in order to facilitate the implementation of, and thereafter gas transporters' accession to and compliance with, the Retail Energy Code, which we expect to give effect through designation in early 2019.
7. The effect of the modification(s) will be to:
 - a) expand the scope of Standard Condition 14 such that it refers to Core Industry Documents rather than solely the Supply Point Administration Agreement, and add the Retail Energy Code to the list of Core Industry Documents to which the gas transporters are required to accede and thereafter comply;
 - b) insert an express provision for the requirement to accede to and comply with Core Industry Documents to cease to have effect if and to the extent directed by the Authority;
 - c) add a duty to cooperate with the Authority in delivery of a Significant Code Review; and,
 - d) include definitions of new terms where appropriate.

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

8. Where an application for permission to appeal our decision is made to the Competition and Markets Authority (CMA) under section 23B 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 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 transporter 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 transporter licences 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**



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

6 December 2018

² CMA70

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

Schedule 1 - Modification of Standard Condition 14 of the gas transporters licence

Modify:

Condition 14: The Supply Point Administration Agreement

1. The licensee shall become a party to and thereafter comply with those provisions of the Supply Point Administration Agreement relevant to it.

To read:

Condition 14: Compliance with Core Industry Documents

1. The licensee shall become a party to and thereafter comply with those provisions of:
 - (a) the Supply Point Administration Agreement; and,
 - (b) the Retail Energy Codethat are relevant to it.
2. Paragraph 1 shall cease to have effect in this licence on such date and to such extent as the Authority may specify in a direction given to the licensee.

Duty to cooperate

3. 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.
4. Cooperation for the purposes of paragraph 3 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; and,

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

5. 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**.

Core Industry Documents means the following:

- (a) the Supply Point Administration Agreement required to be in place pursuant to Standard Condition 30 of the Gas Supply licence, as from time to time modified; and
- (b) the Retail Energy Code required to be in place pursuant to Standard Condition 11 of the Gas Supply licence, as from time to time modified.

Schedule 2: Relevant licence holders

Cadent Gas Limited
Northern Gas Networks Limited
Scotland Gas Networks Plc
Southern Gas Networks Plc
Wales & West Utilities Limited
Energetics Gas Limited
Energy Assets Pipelines Limited
ES Pipelines Limited
ESP Connections Limited
ESP Networks Limited
ESP Pipelines Limited
Fulcrum Pipelines Limited
GTC Pipelines Limited
Harlaxton Gas Networks Limited
Independent Pipelines Limited
Indigo Pipelines Limited
Murphy Gas Networks Limited
Quadrant Pipelines Limited
National Grid Gas Plc
Greenpark Energy Transportation Limited
Humbly Grove Energy Services Limited
INOVYN Enterprises Limited
Severn Gas Transportation Limited
SP Gas Transportation Cockenzie Limited
SP Gas Transportation Hatfield Limited
WINGAS Storage UK Limited

