

To:

National Grid Gas Plc (NTS) (Company Number 02006000)
Cadent Gas Limited (Company Number 10080864)
Northern Gas Networks Limited (Company Number 05167070)
Scotland Gas Networks Plc (Company Number SC264065)
Southern Gas Networks Plc (Company Number 05167021)
Wales & West Utilities Limited (Company Number 05046791)

Gas Act 1986
Section 23(1)(a)

**Modification of the Special Conditions and Standard Special Conditions of the Gas
Transporter licence held by the licensees listed above**

1. Each of the companies to whom this decision is addressed ('the Licensee') is the holder of a gas transporter licence ('the Licence') granted or treated as granted under section 7 of the Gas Act 1986 ('the Act'). The Licence held by National Grid Gas plc (NGG) in respect of the National Transmission System (NTS) is referred to as Licence (NTS). The Licence held by the Licensees in respect of the distribution networks are referred to as Licence (DN).
2. Under section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave notice on 7 November 2019 ('the Notice')² that we propose to modify the following conditions of the Licence:
 - in respect of National Grid Gas Plc (NTS):
 - Standard Special Condition B7 (Provision of Meters) and Standard Special Condition B8 (Provision of Terms)
 - Special Condition 11H (Restriction of prices in respect of Tariff Capped Metering Activities)

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

² Statutory Consultation on proposed modifications to the Special Conditions and Standard Special Conditions of the Gas Transporter Licence held by National Grid Gas Plc and the Gas Distribution Network Operators:
<https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-modifications-special-conditions-and-standard-special-conditions-gas-transporter-licence-held-national-grid-gas-plc-and-gas-distribution-network-operators>

- in respect of Cadent Gas Limited, Northern Gas Networks Limited, Scotland Gas Networks Plc, Southern Gas Networks Plc, and Wales & West Utilities Limited:
 - Standard Special Condition D17 (Provision and Return of Meters) and Standard Special Condition D18 (Provision of Metering and Meter Reading Services)
 - Special Condition 4D (Restriction of prices in respect of Tariff Capped Metering Activities)

We stated that any representations to the modification proposal must be made on or before 5 December 2019.

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 four 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 decision letter which accompanies this decision.³
5. It is necessary to make a number of minor alterations to the modifications set out in the Notice. These alterations are shown in green highlight in the attached Schedule 1. The reasons for any differences between the modifications set out in the Notice and the modifications reflected in Schedule 1 are to correct minor typographical errors and to address minor issues raised in consultation responses. None of these modifications alter the substance or effect of the proposed modifications.
6. The reason we are making these licence changes is to ensure the Licensees continue to be obligated to carry out the activities outlined in paragraph 7 below as the smart meter rollout progresses and is still ongoing, and to ensure adequate protections for consumers remain in place during the transition to smart meters. This is to maintain the original policy intent of keeping these obligations upon the Licensees in place until the end of the smart meter rollout duty and until sufficient numbers of traditional meters have been replaced with smart meters. The purpose of these

³ <https://www.ofgem.gov.uk/publications-and-updates/decision-modifications-special-conditions-and-standard-special-conditions-gas-transporter-licence-held-national-grid-gas-plc-and-gas-distribution-network-operators>

modifications is to restore the current arrangements by reinstating licence conditions which have ceased to have effect, and ensure they continue by extending the end date of the relevant conditions.

7. The effect of these modifications will be to ensure that, until end 2024 unless otherwise directed:

- Cadent Gas Limited, Northern Gas Networks Limited, Scotland Gas Networks Plc, Southern Gas Networks Plc, and Wales & West Utilities Limited continue to be required to comply with any reasonable request by a supplier to provide through a meter asset manager (MAM) and install a traditional domestic gas meter, or to refer this request to National Grid Gas Plc (NTS) to fulfil;
- National Grid Gas Plc (NTS) continues to be required to comply with any reasonable request by a relevant gas transporter to provide through a MAM and install a traditional domestic gas meter;
- Tariff caps remain in place on certain metering activities provided by the Licensees;
- The Licensees continue to be required to provide terms and statements of charges for the provision of meters or metering services, and, with the approval of the authority, annually make any necessary revisions to such statements in order that the information set out in the statements shall continue to be accurate in all material respects.
- The Licensees continue to be required to keep appropriate record of any disconnected meter, and keep disconnected meters in safe custody in matters relating to suspected theft of gas.

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 Rules⁴ 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

⁴ CMA70 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655601/energy-licence-modification-appeals-rules.pdf

relation to this modification. Section 23(10) of the Act sets out the meaning of 'relevant licence holder'.

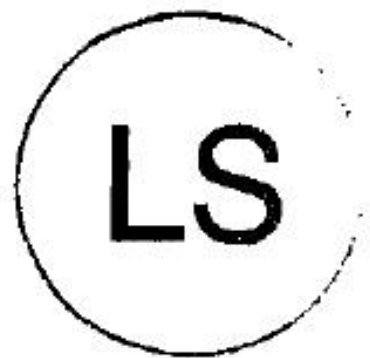
Under the powers set out in section 23(1)(a) of the Act, we hereby modify:

- in respect of National Grid Gas Plc (NTS):
 - Standard Special Condition B7 (Provision of Meters) and Standard Special Condition B8 (Provision of Terms);
 - Special Condition 11H (Restriction of prices in respect of Tariff Capped Metering Activities);
- and in respect of Cadent Gas Limited, Northern Gas Networks Limited, Scotland Gas Networks Plc, Southern Gas Networks Plc, and Wales & West Utilities Limited:
 - Standard Special Condition D17 (Provision and Return of Meters) and Standard Special Condition D18 (Provision of Metering and Meter Reading Services);
 - Special Condition 4D (Restriction of prices in respect of Tariff Capped Metering Activities);

in the manner specified in attached Schedule 1. This decision will take effect from 13 February 2020.

This document is notice of the reasons for the decision to modify the gas transporter licence held by the Licensees 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**



.....
Jacqui Russell
Duly authorised on behalf of the
Gas and Electricity Markets Authority

18 December 2019

Schedule 1 – Licence Drafting

Schedule 1.1 - Modifications to the Standard Special Conditions of the Gas Transporter Licence applicable to all NTS licensees: Part B

The conditions which will be reinstated as a result of these modifications have their paragraph numbering highlighted in yellow.

New text is double underlined and shown in red.

~~Deletions are shown in strike through.~~

Changes made following the statutory consultation have been highlighted in green, and reasons for these changes have been set out in the decision notice and in the decision letter published on our website alongside this notice.

Standard Special Condition B7. Provision of Meters

1. Subject to Standard Special Condition B6 (Application of Standard Special Conditions B7, B8, B9, B10, B11 and B12), this condition shall not be in effect in this licence.
2. This condition applies only in relation to the provision of gas meters other than:
 - (a) a gas meter capable of forming part of a smart metering system;
 - (b) an advanced domestic meter; or
 - (c) a prepayment advanced domestic meter.
3. Except in so far as the Authority otherwise consents, the licensee shall comply with any reasonable request by a relevant gas transporter, pursuant to paragraph 2(b) of Standard Special Condition D17 (Provision and Return of Meters) of the DN operator gas transporter licence, to provide, through a meter asset manager and install at the premises of a domestic customer, a gas meter owned by the licensee and of a type specified by the supplier subject, however, to a meter of that type being reasonably available to the licensee and the supplier agreeing to pay the licensee's charges in respect of that meter.
4. Where any gas meter owned by the licensee is disconnected by, or returned to, the licensee it shall promptly make an appropriate record of the details displayed on the register of the meter at the time of disconnection or return and of such other information in its possession as shall subsequently enable the identity of, and the date of disconnection or return of, the meter and the premises from which it was

disconnected to be ascertained, and shall keep such a record for a period of not less than 2 years from the date of the disconnection or return, whichever is the later.

5. Where the licensee has reasonable cause to believe that any gas meter owned by it and disconnected by, or returned to, it is or may be relevant to -

(a) any investigation, proceedings or possible proceedings relating to the alleged theft of gas by any person or to an alleged offence under paragraph 10(1) of Schedule 2B to the Act; or

(b) any dispute as to the accuracy of the meter,

the licensee shall use all reasonable endeavours to keep the meter in safe custody in the standard condition in which it was when disconnected or returned and with the register unaltered -

(i) during the period of 6 months beginning with the date on which the meter was disconnected or returned, for as long as the licensee continues to have reasonable cause to believe that the meter is or may be so relevant; and

(ii) thereafter, for as long as, to the licensee's knowledge, the meter is so relevant.

6. When the licensee receives, in connection with a proposed connection or disconnection of a meter, such a notice as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act or receives information in pursuance of sub-paragraph (3) of that paragraph, it shall promptly give the relevant shipper a copy thereof and furnish it with any further information relating to the meter which is requested by the relevant shipper and which the licensee either has or may readily obtain.

7. Subject to any direction given by the Authority, paragraphs 4 to 6 of this condition shall cease to have effect on ~~the date which is four years after the date specified in condition 33.1 of the standard conditions of the gas supply licence (the date by which the duty to roll out a smart metering system must be fulfilled)~~ **31 December 2024.**

Standard Special Condition B8 Provision of Terms

1. Subject to Standard Special Condition B6 (Application of Standard Special Conditions B7, B8, B9, B10, B11 and B12), this condition shall not be in effect in this licence.
2. This condition applies only in relation to the provision of gas meters other than:
 - (a) a gas meter capable of forming part of a smart metering system;
 - (b) an advanced domestic meter; or
 - (c) a prepayment advanced domestic meter.
3. Where the licensee receives a request from a relevant gas transporter, pursuant to paragraph 2(b) of Standard Special Condition D17 (Provision and Return of Meters) of the DN operator gas transporter licence, the licensee shall provide to the supplier the terms provided for in paragraph 5.
4. Where the licensee is required to provide the services described in paragraph 3 of Standard Special Condition B7, it shall be the duty of the licensee to provide those services on reasonable terms.
5. The terms referred to in paragraph 3 are the licensee's terms regarding:
 - (a) the date by which the services required shall be provided (time being of the essence unless otherwise agreed between the parties);
 - (b) the charges to be paid in respect of the services required, such charges (save to the extent set out in any direction under paragraph 12 or unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 7 of this condition, or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraphs 6 to 9 of this condition; and

- (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.
6. The licensee shall provide to the supplier such terms as are referred to in paragraph 5 as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee from the relevant gas transporter of any request containing all such information as may reasonably be required for the purpose of formulating the terms of the agreement.
7. The licensee shall as soon as reasonably practicable prepare statements in a form approved by the Authority setting out:
- (a) the basis upon which charges for the provision of services of a type described in paragraph 3 will be made; and
- (b) information relating to the other terms that will apply to the provision of each service,
- in each case in such form and with such detail as shall be necessary to enable any supplier to make a reasonable estimate of the charges to which he would become liable for the provision of such services and of the other terms, likely to have a material impact on the conduct of his business, upon which the service would be provided and (without prejudice to the foregoing) including the information set out in paragraph 8.
8. The statements referred to in paragraph 7 shall include:
- (a) a schedule of charges for such services; and
- (b) an explanation of the methods by which and the principles on which such charges will be calculated.
9. The licensee may periodically review the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraph 7 and shall, at least once in every year that this licence is in force, make any necessary revisions to such statements in order that the information set out in the statements shall continue to be accurate in all material respects.

10. The licensee shall send a copy of the statements prepared in accordance with paragraph 7, and of each revision of such statements in accordance with paragraph 9, to the Authority.
11. The licensee shall give or send a copy of the statements prepared in accordance with paragraph 7, or (as the case may be) of the latest revision of such statements in accordance with paragraph 9, to any supplier following a request from a relevant gas transporter, pursuant to paragraph 2(b) of Standard Special Condition D17 (Provision and Return of Meters) of the DN operator gas transporter licence, who requests a copy of such statement or statements.
12. The licensee may make a charge for any statement given or sent pursuant to paragraph 11 of an amount which shall not exceed the amount specified in directions issued by the Authority for the purposes of this condition based on the Authority's estimate of the licensee's reasonable costs of providing such a statement.
13. The Authority, having regard, in particular, to any representations made to it by the licensee, and other persons may issue a direction relieving the licensee of its obligations under this condition to such extent and subject to such terms and conditions as it may specify in that direction.
14. Subject to any direction given by the Authority, the provisions of standard special conditions B7 and B8 of this licence shall cease to have effect on the date specified in a direction made by the Secretary of State, in respect of the installation of a smart metering system, in accordance with his powers in Condition 33.6 (The duty in relation to replacement meters and new connections) of the standard conditions of the gas supply licence, which is four years after the date specified in condition 33.1 of the standard conditions of the gas supply licence (the date by which the duty to roll out a smart metering system must be fulfilled), **31 December 2024**.
15. For the purposes of Standard Special Conditions B7 and B8:

advanced domestic meter

has the same meaning as that provided in Condition 25B.16 (Definitions for the purposes of interoperability of advanced

	domestic meters) of the standard conditions of the gas supply licence
meter asset manager	has the same meaning as that provided in paragraph 1A of Standard Special Condition D17 (Provision and Return of Meters) of the DN operator gas transporter licence.
prepayment advanced domestic meter	has the same meaning as that provided in Condition 25B.16 of the standard conditions of the gas supply licence
relevant gas transporter'	has the same meaning as that provided in paragraph 1 of Standard Special Condition A3 (Definitions and Interpretation).
smart metering system	has the same meaning as that provided in Condition 1 (Definition for standard conditions) of the standard conditions of the gas supply licence
supplier	references to supplier in Standard Special Conditions B7 and B8 are a reference to the relevant supplier (as defined in Standard Special Condition A3 (Definitions and Interpretation)) who has made a request, pursuant to paragraph 1 of Standard Special Condition D17 of the DN operator gas transporter licence, and which forms the basis of a request from a relevant gas transporter to the licensee, pursuant to paragraph 2(b) of Standard Special Condition D17 of the DN operator gas transporter licence

Schedule 1.2 - Modifications to the Special Conditions of National Grid Gas Plc (NTS)'s gas transporter licence

The activities within paragraph 3(a) which will be reinstated as a result of these modifications are highlighted in **yellow**.

New text is double underlined and shown in red.

~~Deletions are shown in strike through.~~

Changes made following the statutory consultation have been highlighted in green, and reasons for these changes have been set out in the decision notice and in the decision letter published on our website alongside this notice.

Special Condition 11H: Restriction of prices in respect of Tariff Capped Metering Activities

Maximum tariff caps (M_t^A)

3. For the purposes of paragraph 2 of this condition the maximum tariff cap for each of the Tariff-Capped Metering Activities in respect of Formula Year t (M_t^A) shall be derived in the following manner:

(a) In respect of the Formula Year commencing on 1 April 2013 ($t=1$), the maximum tariff caps shall have the values set out in the following table:

Activity	Description	Maximum tariff caps(M_t^A)
1	Annual charge for providing and maintaining the assets that form a Domestic Credit Meter Installation, per meter per annum	£14.68
2	Annual charge for providing and maintaining the assets that form a Prepayment Meter Installation, per meter per annum	£36.73
3	Annual charge for providing a daily meter reading for Daily Metered Supply Meter Points, per supply meter point per annum	£500.10
4	Carrying out work to replace a Domestic Credit Meter with a Prepayment Meter, per job undertaken	£78.67

~~6. Subject to any direction given by the Authority, the maximum tariff caps for Activity 1 and Activity 2 within paragraph 3(a) of this condition shall cease to have effect on the date specified in a direction made by the Secretary of State, in respect of the installation of a Smart Metering System, (as defined in condition 1 (Definitions for standard conditions), of the standard conditions of the gas supply licence), in accordance with his powers under condition 33.6 (The duty in relation to~~

replacement meters and new customers) of the standard conditions of the gas supply licence.

7. 6. Subject to any direction given by the Authority, this condition shall cease to have effect on **the date which is four years after the date specified in condition 33.1 of the standard conditions of the gas supply licence (the date by which the duty to roll out a smart metering system must be fulfilled) 31 December 2024.**

Schedule 1.3 - Modifications to the Standard Special Conditions of the Gas Transporter Licence applicable to all DN licensees: Part D

The conditions which will be reinstated as a result of these modifications have their paragraph numbering highlighted in **yellow**.

New text is double underlined and shown in red.

~~Deletions are shown in strike through.~~

Changes made following the statutory consultation have been highlighted in **green**, and reasons for these changes have been set out in the decision notice and in the decision letter published on our website alongside this notice.

Standard Special Condition D17 (Provision and Return of Meters)

1. Subject to paragraph 2, the licensee shall comply with any reasonable request by a relevant supplier (or a gas supplier who is about to become such a relevant supplier) to provide through a meter asset manager and install at the premises of a domestic customer a gas meter, other than:

- (a)** a gas meter capable of forming part of a smart metering system;
- (b)** an advanced domestic meter; or
- (c)** a prepayment advanced domestic meter

owned by the licensee and of a type specified by the supplier subject, however, to a meter of that type being reasonably available to the licensee and the supplier agreeing to pay its charges in respect of the meter.

1A For the purposes of paragraph 1, "**meter asset manager**" means:

- (a)** a person approved in accordance with the Supply Point Administration Agreement as possessing expertise satisfactorily to provide meter-related

services or a class or description of persons so approved (the “**relevant expertise**”); or

(b) an undertaking approved in accordance with the Supply Point Administration Agreement as having staff possessing the relevant expertise and for the purposes of this definition,

(i) “**approved in accordance with the Supply Point Administration Agreement**” means approved in accordance with it for the purposes of this condition generally and “**staff**” includes officers, servants and agents; and

(ii) “**meter-related services**” means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc, as at 12 July 2004, as defined within Amended Standard Condition 9 (Network Code) of Transco plc’s gas transporter licence on that date.

2. Paragraph 1 shall not apply:-

(a) where:

(i) the premises in question are secondary sub-deduct premises; and

(ii) the owner or occupier of the premises has not agreed that the licensee may enter the premises for the purpose of removing the meter when the owner or occupier no longer requires the meter or the supply of gas; or

(b) where the licensee receives a reasonable request from a relevant supplier in accordance with paragraph 1, and the licensee submits that request within 14 days of receiving it to National Grid Gas plc to fulfil.

~~7. Subject to any direction given by the Authority, paragraphs 1, 1A and 2 of this condition shall cease to have effect on the date specified in a direction made by the Secretary of State, in respect of the installation of a Smart Metering System, in accordance with his powers under condition 33.6 (The duty in relation to replacement meters and new connections) of the standard conditions of the gas supply licence.~~

8. ~~7.~~ Subject to any direction given by the Authority, ~~paragraphs 3 to 6 and 9~~ of this condition shall cease to have effect on ~~the date which is four years after the date specified in condition 33.1 of the standard conditions of the gas supply licence (the date by which the duty to roll out a Smart Metering System must be fulfilled).~~ **31 December 2024**

Standard Special Condition D18: Provision of Metering and Meter Reading Services

12. Subject to any direction given by the Authority, this condition shall cease to have effect on ~~the date which is four years after the date specified in condition 33.1 of the standard conditions of the gas supply licence (the date by which the duty to roll out a Smart Metering System must be fulfilled).~~ **31 December 2024.**

Schedule 1.4 - modifications to the Special Conditions of the Gas Transporter Licence applicable to the licensee (DN): Part E

The activities within paragraph 3(a) which will be reinstated as a result of these modifications are highlighted in **yellow**.

New text is double underlined and shown in red.

~~Deletions are shown in strike through.~~

Changes made following the statutory consultation have been highlighted in **green**, and reasons for these changes have been set out in the decision notice and in the decision letter published on our website alongside this notice.

Special Condition 4D (Restriction of prices in respect of Tariff Capped Metering Activities)

3. For the purposes of paragraph 2 of this condition the maximum tariff cap for each of the Tariff Capped Metering Activities in respect of Formula Year t (M_t^A) shall be derived in the following manner:
- a. In respect of the Formula Year commencing on 1 April 2013 ($t=1$), the maximum tariff caps shall have the values set out in the following table:

Activity	Description	Maximum tariff caps (M _t ^A)
1	Annual charge for providing and maintaining the assets that form a Domestic Credit Meter Installation, per meter per annum	£14.68
2	Annual charge for providing and maintaining the assets that form a Prepayment Meter Installation, per meter per annum	£36.73
3	Annual charge for providing a daily meter reading for Daily Metered Supply Meter Points, per supply meter point per annum	£500.10
4	Carrying out work to replace a Domestic Credit Meter with a Prepayment Meter , per job undertaken	£78.67

~~6. Subject to any direction given by the Authority, the maximum tariff caps for Activity 1 and Activity 2 within paragraph 3(a) of this condition shall cease to have effect on the date specified in a direction made by the Secretary of State, in respect of the installation of a Smart Metering System, (as defined in condition 1 (Definitions for standard conditions), of the standard conditions of the Gas Supply licence), in accordance with his powers under condition 33.5 (The duty in relation to replacement meters and new customers) of the standard conditions of the Gas Supply licence.~~

7. ~~6.~~ Subject to any direction given by the Authority, this condition shall cease to have effect on ~~the date which is four years after the date specified in condition 33.1 of the standard conditions of the Gas Supply licence (the date by which the duty to roll out a Smart Metering System must be fulfilled)~~ **31 December 2024.**

Schedule 2 – Relevant Licence Holders⁵

National Grid Gas Plc (NTS)

Cadent Gas Limited

Northern Gas Networks Limited

Scotland Gas Networks Plc

Southern Gas Networks Plc

Wales & West Utilities Limited

⁵ Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-gas-licensees-registered-addresses>