

To: All holders of a gas and/or
electricity supply licence

Email: retailpriceregulation@ofgem.gov.uk

Date: 13 March 2020

Domestic Gas and Electricity (Tariff Cap) Act 2018

Modification of the standard conditions of all gas and electricity supply licences

1. The Gas and Electricity Markets Authority (the 'Authority')¹ gave notice on 23 January 2020 (the 'Notice') that we proposed to modify the standard conditions of all gas and electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 and section 7A(1) of the Gas Act 1986, pursuant to section 1 of the Domestic Gas and Electricity (Tariff Cap) Act 2018 (the 'Act'). These modifications are set out in Appendix 1 and Appendix 2.
2. We proposed to modify the standard supply licence conditions, incorporated in supply licences by virtue of section 8 of the Gas Act 1986 or section 8A of the Electricity Act 1989, namely the conditions which impose a cap on all standard variable and default rates that may be charged by the holders of supply licences for the supply of gas or electricity under domestic supply contracts ('the tariff cap conditions'), subject to section 3 of the Act (exemptions from the tariff cap).
3. We received seven responses to our consultation (six from suppliers and one from a trade association), all of which we carefully considered. We have published all non-confidential responses on our website. Our response to these comments is set out in our accompanying Decision document.
4. We have decided to introduce the modifications to Standard Licence Condition (SLC) 28AD.18 of the gas supply licence and SLC 28AD.19 of the electricity supply licence, and our reasons for that decision are set out in our accompanying Decision document.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document
The Office of Gas and Electricity Markets

5. In summary, the main effects of these modifications will be (1) that the period of at least 56 days will run between publication of any decision to modify SLC 28AD and the beginning of the upcoming Charge Restriction Period in which any such modification would first have effect; and (2) where we have taken a decision and the 56 day period expires prior to the date of the upcoming Charge Restriction Period then we will take into account the modification in effect at that time.
6. We also took the opportunity to correct a mistake in gas SLC 28AD.18 and include the correct reference to SLC 28AD.6 instead of SLC 28A.6.
7. The modifications have effect in relation to supply licences, whenever granted, and domestic supply contracts, whenever entered into. Section 5(4) of the Act requires a period of not less than 56 days to apply between publication of a decision to modify the tariff cap conditions and the modification of the tariff cap conditions entering into effect.

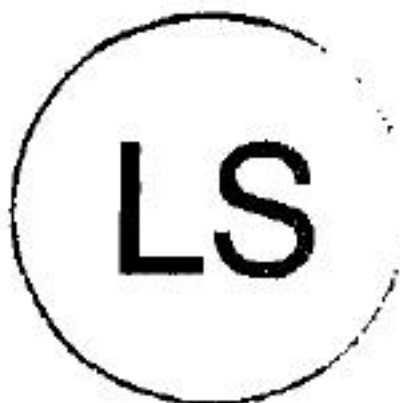
Under the powers set out in section 1 of the Act, we hereby modify the standard licence conditions for all gas and electricity supply licences in the manner specified in attached Appendix 1 and Appendix 2. This decision will take effect from 1 June 2020.

This document is notice of the reasons for the decision to modify the gas supply licences and electricity supply licences as required by section 5 of the Act, section 49A(3) of the Electricity Act 1989 and section 38A(3) of the Gas Act 1986.

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

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**Anna Rossington
Duly authorised on behalf of the Gas and
Electricity Markets Authority**



Appendix 1 – Modification of the standard conditions of all electricity supply licences.

Condition 28AD of the electricity supply licence

28AD.19 For each Subsequent Charge Restriction Period, subject to paragraphs 28AD.20 and 28AD.21, no later than the fifth Working Day of February in relation to a forthcoming 28AD Charge Restriction Period *j* starting on 1 April, or no later than the fifth Working Day of August in relation to a forthcoming 28AD Charge Restriction Period *j* starting on 1 October, the Authority will:

- (a) determine the updated Benchmark Maximum Charges which shall apply for any forthcoming 28AD Charge Restriction Period *j* by calculating such values in accordance with paragraph 28AD.7;
- (b) in so determining the updated Benchmark Maximum Charges which shall have effect from the first day of any forthcoming 28AD Charge Restriction Period *j*, take into account any modification made to SLC 28AD, notwithstanding that any such modification may not have come into effect at the time of publication of the updated Benchmark Maximum Charges in accordance with paragraph 28AD.19(c), provided that any such modification has come into effect by no later than the first date of any forthcoming 28AD Charge Restriction Period *j*; and
- (b_c) publish such updated Benchmark Maximum Charges so calculated in the format specified in Annex 6.

Appendix 2 –Modification of the standard conditions of all gas supply licences.

Condition 28AD of the gas supply licence

28AD.18 For each Subsequent Charge Restriction Period, subject to paragraphs 28AD.19 and 28AD.20, no later than the fifth Working Day of February in relation to a forthcoming 28AD Charge Restriction Period *j* starting on 1 April, or no later than the fifth Working Day of August in relation to a forthcoming 28AD Charge Restriction Period *j* starting on 1 October, the Authority will:

- (a) determine the updated Benchmark Maximum Charges which shall apply for any forthcoming 28AD Charge Restriction Period *j* by calculating such values in accordance with paragraph 28AD.6;
- (b) in so determining the updated Benchmark Maximum Charges which shall have effect from the first day of any forthcoming 28AD Charge Restriction Period *j*, take into account any modification made to SLC 28AD, notwithstanding that any such modification may not have come into effect at the time of publication of the updated Benchmark Maximum Charges in accordance with paragraph 28AD.18(c), provided that any such modification has come into effect by no later than the first date of any forthcoming 28AD Charge Restriction Period *j*; and
- (b) publish such updated Benchmark Maximum Charges so calculated in the format specified in Annex 6.