

To: All holders of a gas supply licence who are relevant licence holders for the purposes of section 23(10) of the Gas Act 1986.

**GAS ACT 1986
SECTION 23(1)(b)**

MODIFICATIONS PURSUANT TO SECTION 23(1)(b) OF THE GAS ACT 1986 OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986.

NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE UNDER SECTION 38A OF THE GAS ACT 1986.

WHEREAS:

1. Each of the companies to whom this Notice is addressed has a gas supply licence which has been granted or treated as granted under section 7A(1) of the Gas Act 1986 ("the Act").
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority ('the Authority')¹ gave Notice on 16 November 2015 ('the Notice')² that we proposed to modify the standard conditions of the gas supply licence by:
 - (i) Removing standard conditions 12.8 to 12.16 ("Inspection of Gas Meters");
 - (ii) Modifying standard condition 17.12 ("Information to Relevant Gas Shipper or Gas Transporter about premises").
3. The Notice required that any representations with respect to the proposed modifications be made on or before 15 December 2015.
4. 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 these modifications should should not be made.
5. We received 14 responses to the Notice, which we carefully considered. We have placed all non-confidential responses on our website. A copy of the non-confidential representations received by Ofgem are available free of charge from the Ofgem Knowledge Management Team, 9 Millbank, London, SW1P 3GE.
6. The Authority has carefully considered the representations made and, subject to the minor changes set out in Schedule 1 to this Notice, has decided to proceed with all the modifications proposed in the Notice.
7. Minor changes were made to the licence drafting consulted on to reflect that the numbering of the condition 12 will remain the same despite conditions 12.8 to 12.16 no longer being in use. These changes have been made to ensure clarity for those subject to the conditions of the licence.
8. In accordance with section 38A of the Act, the reasons for making the licence modifications is to implement the policy stated in the following documents:
 - (a) Reforming suppliers' meter inspection obligations – final proposals

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

²

ofgem.gov.uk/sites/default/files/docs/2015/11/2_notice_of_proposed_licence_modifications_to_the_standard_conditions_of_the_gas_supply.pdf

(b) Reforming suppliers' meter inspection obligations

In summary, we are proposing these modifications because:

- (i) We consider that the objectives of the requirement to inspect gas meters in conditions 12.8 to 12.16, to protect consumers against metering safety risks, gas theft, and billing inaccuracy, are more effectively and efficiently achieved through compliance with other conditions of the gas supply licence, industry codes, and legislation. Matters of safety are covered in health and safety legislation such as the Health and Safety at Work etc Act 1974, and the Meter Asset Managers Code of Practice. Gas theft is targeted through condition 12A ("Matters relating to Theft of Gas") of the gas supply licence. Billing accuracy is dealt with by condition 21B ("Billing based on meter readings") of the gas supply licence, but this may only require a supplier to take a meter reading rather than carry out a meter inspection.
 - (ii) The removal of conditions 12.8 to 12.16 does not affect other legal obligations which may require a supplier to inspect a meter. For example, a supplier may need to inspect a meter for the purposes of detecting or investigating potential theft as part of their requirements in condition 12A ("Matters relating to Theft of Gas") of the gas supply licence.
 - (iii) Our modifications do not remove the requirement on suppliers to share the date of meter inspections, carried out by or on behalf of the supplier, with the relevant gas transporter. We consider that this requirement facilitates useful data-sharing with other industry parties, for example, when a consumer switches gas supplier.
9. The effect of these modifications is set out in the documents referred to in paragraph 8, and can be summarised as follows:
- (i) **Modifications to standard licence condition 12** – these modifications remove the requirement for licensees to inspect their non-half hourly meters at least once every two years. We consider that the objectives of conditions 12.8 to 12.16 are provided for in condition 21B ("Billing based on meter readings"), condition 12A ("Matters relating to Theft of Gas"), and existing health and safety legislation, including those listed in paragraph 8(i).
 - (ii) **Modifications to standard licence condition 17.12** - these modifications remove the references to condition 12 as well as requirements to provide certain meter read and inspection information to the Relevant Gas Transporter. Following these modifications, the licensee will only be required to provide the date of an inspection that it undertakes for the purpose of maintaining the safety and proper working of a meter. This may include inspections that a supplier has undertaken where it considers it appropriate for the purposes of fulfilling its requirements under condition 12A ("Matters relating to Theft of Gas") and/or condition 21B ("Billing based on meter readings"). The Authority has decided to retain the requirement on Gas Transporters to maintain an accurate record of the date of inspections notified to them by a supplier pursuant to licence condition 17.12.
10. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) under section 23B of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules³ requires that the appellant send a non-confidential notice to any relevant licence holders who are not parties to the appeal, setting out the matters required in Rule 5.2. Schedule 2 to this Notice

³ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the CMA.

provides a list of the relevant licence holders in relation to these modifications. Section 23(10) of the Act sets out the meaning of "relevant licence holder".

Now therefore

In accordance with the powers contained in section 23(1)(b) of the Act, the Authority hereby modifies the standard conditions for all gas supply licences in the manner specified in attached Schedule 1. These modifications will take effect on and from 1 April 2016, a date which is at least 56 days from the publication of this Notice.

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



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Rob Salter-Church
Duly authorised on behalf of the
Gas and Electricity Markets Authority

2 February 2016

SCHEDULE 1

MODIFICATIONS PURSUANT TO SECTION 23(1)(b) OF THE GAS ACT 1986 OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986

The text below, which is highlighted by track changes, constitutes the modifications to standard conditions 12 and 17. Deletions are shown by strikethrough text, and insertions by double-underlined text. Changes made since the Notice are shown in red text.

Condition 12. Matters relating to Gas Meters

~~Inspection of Gas Meters~~

12.8 ~~Unless the Authority otherwise consents, the licensee must take all reasonable steps to ensure that it inspects, at least once every two years, any Gas Meter and associated installation in respect of premises at which it is the Relevant Gas Supplier.~~ **Not Used**

12.9 ~~Where the licensee has been the Relevant Gas Supplier for less than two years, the period of two years referred to in paragraph 12.8 will be deemed to expire on a date specified in a notice given by the Relevant Gas Transporter which has been sent to the licensee by:~~

~~(a) the Relevant Gas Shipper; or~~

~~(b) the Relevant Gas Transporter, where the licensee is the Relevant Gas Shipper,~~

~~at least four months in advance of that date.~~

Not Used

12.10 ~~In paragraph 12.8, the reference to "all reasonable steps" includes, in particular, trying to obtain a warrant under the Rights of Entry (Gas and Electricity Boards) Act 1954 in cases where the licensee could not otherwise comply with its obligation.~~ **Not Used**

12.11 ~~Paragraph 12.8 does not apply in relation to Secondary Premises.~~ **Not Used**

12.12 ~~An inspection under paragraph 12.8 must be carried out by a person possessing appropriate skill and experience.~~ **Not Used**

12.13 ~~An inspection under paragraph 12.8 must include:~~

~~(a) taking a meter reading;~~

~~(b) inspecting the Gas Meter and associated installation for evidence of tampering;~~

~~(c) inspecting the Gas Meter and associated installation for evidence that the meter has not continuously been in position for the purpose of registering the quantity of gas supplied;~~

~~(d) arranging for information in respect of any gas leakage identified in the vicinity of the Gas Meter to be passed on in accordance with the Gas Safety~~

~~(Management) Regulations 1996 as if the licensee had been informed of that leakage;~~

~~(e) inspecting the Gas Meter for any evidence of deterioration which might affect its safety or proper functioning; and~~

~~(f) where necessary, and subject to the consent of the owner of the Gas Meter, changing any batteries in the meter.~~

Not Used

~~12.14 Nothing in sub paragraphs 12.13(a) to (e) requires the licensee to disassemble any part of the Gas Meter. Not Used~~

~~12.15 Paragraph 12.16 applies where the Relevant Gas Transporter does not record separately:~~

~~(a) any inspection carried out in accordance with paragraph 12.8; and~~

~~(b) any meter readings taken by authorised officers of the licensee,~~

~~and the Relevant Transporter has informed the licensee that it has not made such records.~~

Not Used

~~12.16 Without prejudice to paragraph 12.8, the licensee must ensure that an inspection of a Gas Meter and associated installation takes place on each occasion on which the meter is read by one of its authorised officers. Not Used~~

Condition 17. Mandatory exchange of information

Information to Relevant Gas Shipper or Relevant Gas Transporter about premises

17.12 The licensee must, as soon as reasonably practicable, give the Relevant Gas Shipper, for transmission to the Relevant Gas Transporter (or give the Relevant Gas Transporter, where the licensee is the Relevant Gas Shipper), the date details of each inspection of a Gas Meter carried out by or on behalf of the licensee in respect of premises at which it is the Relevant Gas Supplier for the purpose of maintaining the safety and proper working order of the Gas Meter under paragraphs 12.8 to 12.16, including,

~~(a) the date on which the inspection was carried out;~~

~~(b) the reading of the register; and~~

~~(c) what, if anything, was found.~~

Schedule 2: Relevant Licence Holders⁴

1st Direct Utilities Limited	Telecom Plus PLC
Addito Supply Limited	The Renewable Energy Company Limited
Affect Energy Ltd	Tornado Energy Supply Limited
Avro Energy Limited	Total Gas & Power Limited
Axis Telecom Limited	UK Healthcare Corporation Limited
Barbican Power Limited	Utilita Energy Limited
Better Energy Supply Limited	Utilita Gas Limited
Breeze Energy Supply Limited	Utility Zone Limited
Bristol Energy & Technology Services (Supply) Limited	Vavu Power Limited
British Gas Trading Limited	Zog Energy Limited
Bulb Energy Ltd	Amber Energy Management Ltd
Business Power and Gas Limited	Adrian Francis Associates Limited
Cardiff Energy Supply Limited	AMRECS LLC
Comet Energy Limited	Axpo UK Limited
Co-Operative Energy Limited	Barrow Shipping Limited
Cornflower Energy Supply Limited	Better Business Energy Limited
Crown Gas and Power Limited	BP Gas Marketing Limited
Crown Oil Limited	Brilliant Energy Limited
Daisy Energy Supply Limited	Britannia Gas Limited
Daligas Limited	Business Energy Solutions Limited
Donnington Energy Limited	Ceres Energy Limited
Dual Energy Direct Limited	Chevron Products UK Limited
Effortless Energy Ltd.	Cofathec Heatsave Limited
Energy Supply Solutions Limited	Contract Natural Gas Limited
E.ON Energy Gas (Eastern) Limited	Corona Energy Retail 1 Limited
E.ON Energy Solutions Limited	Corona Energy Retail 2 Limited
Easy Energy Supply Limited	Corona Energy Retail 3 Limited
Eclipse Energy Supply Limited	Corona Energy Retail 4 Limited
Economy Energy Supply Ltd	Coulomb Energy Supply Limited
Economy Energy Trading Limited	Data Energy Management Services Limited
EDF Energy Customers Plc	Distrigas S.A.

⁴ Gas licence holders are listed at: <https://www.ofgem.gov.uk/publications-and-updates/all-gas-licensees-registered-addresses>

E (Gas and Electricity) Limited	Dong Energy Sales (UK) Limited
Energyq Limited	Dong Energy Sales (UK) Limited
Entice Energy Supply Limited	Dong Energy Salg & Service A/S
Envy Energy Limited	E.ON Energy Gas (North West) Limited
Extra Energy Supply Limited	E.ON UK Plc
Fairline Gas Ltd	Eco Green Management Limited
First Utility Limited	Economy Gas Limited
Flogas Britain Limited	Economy Power Limited
Flow Energy Limited	EDF Trading Limited
Foxglove Energy Supply Limited	Energy Data Company Limited
Future Energy (Supply) Limited	ENGIE Gas Limited
Gas Plus Supply Limited	ENGIE Gas Shipper Limited
GB Energy Supply Ltd	ENGIE Power Limited
GnERGY Limited	ENGIE Supply Holding UK Limited
Green Energy (UK) plc	ENI Gas & Power NV
Greengen Direct Limited	ENI Trading & Shipping S.P.A
Green Network Energy Ltd	Eni UK Limited
Green Network Power and Gas Limited	Enterprise Gas Limited
Good Energy Gas Limited	Fylde Utilities UK Limited
HM British Natural Gas Ltd	Gazprom Marketing & Trading Retail Limited
Hudson Energy Supply UK Limited	Hartree Partners Power & Gas Company (UK) Limited
Holborn Energy Limited	I.A.Z.F.S. Limited
Iresa Limited	ICD Gas Limited
I Supply Energy Limited	International Power Fuel Company Limited
Kensington Power Limited	International Power Ltd.
KG Insulation Ltd	JP Morgan Securities Plc
Labrador Ltd	K O Brokers Limited
Lavender Energy Supply Limited	Lourdes Associates Limited
Loco2 Energy Supply Ltd.	Macquarie Bank Limited
Locus Energy Ltd	Macquarie Commodities Finance (UK) Limited
Lovely Energy Limited	Macquarie Factoring (UK) Limited
Mint Energy Supply Limited	Marble Power Limited
Mistral Energy Supply Limited	Mercuria Energy Europe Trading Limited
MyLife Home Energy Limited	Mercuria Energy Trading SA
Nationwide Electricity Limited	Nationwide Gas Limited

Nickel Energy Supply Limited	North Sea Gas Limited
Npower Direct Limited	Npower Commercial Gas Limited
Npower Gas Limited	Opal Gas Limited
Npower Northern Limited	Regent Gas Limited
Npower Yorkshire Limited	RWE Generation UK Plc
Octopus Energy Limited	RWE Supply and Trading Gmbh
Open4Energy Limited	S. C. Isramart SRL
Opus Energy Limited	SmartestEnergy Limited
Opus Gas Supply Limited	Société Valmy Défense 17
Our Power Energy Supply Limited	SSE Energy Supply Limited
Ovo Gas Limited	Statoil (UK) Limited
Palladium Energy Supply Limited	Statoil Gas Trading Limited
Pan-Utility Limited	Suisse Gas UK Limited
Pilot Energy Limited	Swift Administration Limited
Pioneer Energy Limited	The Nuclear Decommissioning Authority
Places for People Energy Limited	The Royal Bank of Scotland Public Limited Company
Powerq Limited	Total Energy Gas Supplies Limited
Riadace Ltd	Unigas Limited
Robin Hood Energy Limited	United Gas & Power Ltd
Santiam Energy Limited	Universal Bioenergy Limited
Scottish Power Energy Retail Limited	Uttily plc
Seaboard Energy Gas Limited	Valero Energy UK Ltd
Shale Gas UK Limited	Vayu Limited
Sinq Power Limited	WINGAS GmbH
Smarter Eco Energy Limited	Wingas UK Limited
So Energy Trading Limited	Xcel Power Limited
Southern Electric Gas Limited	XLN Energy Limited
Spark Energy Supply Limited	
Switch Business Gas and Power Ltd	
Symbio Energy Solutions LLP	