

To: All holders of a gas transporter 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 TRANSPORTER LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS ACT 1986.

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

WHEREAS:

1. Each of the companies to whom this Notice is addressed has a gas transporter licence which has been granted or treated as granted under section 7 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 2016 ("the Notice")² that we propose to modify standard conditions of the gas transporter licence by:
 - (i) Modifying standard condition 5 ("System Development Obligations"); and
 - (ii) Removing standard condition 8.6 ("Provision and Return of Meters").
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 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 condition 8.6 will no longer be in use. These changes were 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 these licence modifications is to implement the policy stated in the following documents:
 - (a) Reforming suppliers' meter inspection obligations – final proposals
 - (b) Reforming suppliers' meter inspection obligations

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

²

ofgem.gov.uk/sites/default/files/docs/2015/11/3_notice_of_proposed_licence_modifications_to_the_standard_conditions_of_the_gt_licences.pdf

In summary, we are making these licence changes because:

- (i) We have decided to remove standard conditions 12.8 to 12.16 of Gas Suppliers' licences which require Gas Suppliers to inspect their gas meters at least once every two years. Standard condition 5 of the gas transporter licence makes reference to the requirements in standard conditions 12.8 to 12.16 of Gas Suppliers' licences. The removal of conditions 12.8 to 12.16 of Gas Suppliers' licences 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 Gas Suppliers' licences. Retaining the requirement for gas transporters to record meter inspection details passed on to them by holders of a gas supply licence may facilitate useful data-sharing with other industry parties, for example when a consumer switches gas supplier.
 - (ii) Our modification to the gas supply licence removes the requirements on gas suppliers to inspect meters according to a minimum time interval. Therefore, the requirements in standard condition 8 of the gas transporters' licence, for gas transporters to notify gas shippers or gas suppliers of the due date of the next inspection where there has been a change of gas supplier for the relevant premise, is no longer relevant.
9. The effects of the modifications are set out in the documents referred to in paragraph 8, and can be summarised as follows:
- (i) **Modifications to standard licence condition 5.8** - these modifications remove the reference to standard condition 12 of the Gas Suppliers' licences, but still retain the requirement for gas transporters to keep a record of meter inspections notified to the gas transporter by the relevant supplier. These modifications limit this requirement to those inspections which the licensee is notified of pursuant to standard condition 17.12 ("Information to Relevant Gas Shipper or Relevant Gas Transporter about premises") of the Gas Suppliers' licences. The Authority has modified condition 17.12 to limit its scope to only cover inspections undertaken for the purpose of maintaining the safety and proper working order of the gas meter. Relevant suppliers will only be required to notify the gas transporter of the date on which an inspection was carried out; and
 - (ii) **Modifications to standard licence condition 8.6** - standard condition 8.6 currently requires the licensee to notify the relevant shipper, for transmission to the relevant supplier, of the date by which the next meter inspection should be carried out in order for that supplier to meet the requirements under its licence to carry out inspections every two years. These modifications remove this requirement.
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 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

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.

In accordance with the powers contained in section 23(1)(b) of the Act, the Authority hereby modifies the standard conditions for all gas transporter 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 TRANSPORTER LICENCE GRANTED OR TREATED AS GRANTED UNDER SECTION 7 OF THE GAS ACT 1986.

The text below, which is highlighted by track changes, constitutes the modifications to standard conditions 5 and 8. Deletions are shown by strikethrough text, and insertions by double-underlined text. Insertions since the Notice are shown in red text.

Condition 5: System Development Obligations

8. The licensee shall keep a record –

- (g) as to the date of the most recent inspection of a gas meter of which the licensee has been notified, in pursuance of standard condition 17.12.12 (~~Matters relating to Gas Meters Information to Relevant Gas Shipper or Relevant Gas Transporter about premises~~) of the standard conditions of gas suppliers' licences as incorporated in a relevant supplier's licence, of which the licensee has been notified during the relevant period.

Condition 8: Provision and Return of Meters

6. ~~Where the record kept by the licensee under paragraph 8 of standard condition 5 (System Development Obligations) shows that a relevant supplier has supplied gas to particular premises for less than 2 years and that the supplier has not, since it began to supply gas to those premises, secured an inspection of the meter for the purposes of standard condition 12 (Matters relating to Gas Meters) of the standard conditions of Gas Suppliers' licences as incorporated in its licence, the licensee shall give to the relevant shipper, for transmission to the supplier (except where the recipient of the notice is itself the supplier), not less than 4 months' notice of the date by which the next such inspection should be carried out, being a date falling not more than 2 years after the date shown in the licensee's record as the date of the last such inspection or, if later, 5 months after the licensee is informed that the supplier has begun to supply gas to the premises. Not Used~~

Schedule 2: Relevant Licence Holders⁴

National Grid Gas Plc
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
Independent Pipelines Limited
Indigo Pipelines Limited
Quadrant Pipelines Limited
Caythorpe Gas Storage Limited
Greenpark Energy Transportation Limited
Humbly Grove Energy Services Limited
INOVYN Enterprises Limited
LNG Portable Pipeline Services Limited
Severn Gas Transportation Limited
SP Gas Transportation Cockenzie Limited
SP Gas Transportation Hatfield Limited
WINGAS Storage UK Limited

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