

To:

Cadent Gas Limited,
Northern Gas Networks Limited,
Scotland Gas Networks plc,
Southern Gas Networks plc,
Wales & West Utilities Limited

Email: Rebecca.Pickett@ofgem.gov.uk

Date: 26/02/2021

Dear Network Companies,

Direction under Part B of Special Condition 5.4 (Vulnerability and Carbon Monoxide Allowance (VCMA)) to issue the VCMA Governance Document

1. Each of the companies to whom this direction is addressed is the holder of a licence granted or treated as granted under section 7 of the Gas Act 1989.
2. In accordance with paragraph 5.4.10 of Special Condition 5.4 (VCMA Governance Document), on 17th December 2020 the Gas and Electricity Markets Authority (“the Authority”)¹ published on its website the text of the proposed VCMA Governance Document and stated that representations must be made on or before 29th January 2021.
3. We received 8 responses, which we have carefully considered. We have placed all non-confidential responses on our website. Our response to these comments is set out in the response log, which can be found [here](#).
4. We have made a number of changes to the proposed text for reasons set out in the response log and to fix typos and other errors. The full text of the VCMA Governance Document as well as a track change version compared with that published on 17th December 2020 can be found [here](#).
5. The reason for this direction is to give effect to our decision in Final Determinations² to have a VCMA Governance Document to set out requirements the licensee must adhere to in relation to the regulation, administration and governance of the VCMA as required by Part B of Special Condition 5.4.
6. This direction is our notice of reasons for the purposes of section 38A of the Gas Act 1986.

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

² Final Determinations – GD Annex https://www.ofgem.gov.uk/system/files/docs/2021/02/final_determinations_-_gd_annex_revised.pdf

7. Now the Authority pursuant to the provisions of Special Condition 1.1 (Interpretation and definitions) and Special Condition 5.4 hereby directs that the VCMA Governance Document is issued and will have effect from 1st April 2021.

For more information regarding this Direction, please contact Rebecca Pickett (Rebecca.Pickett@ofgem.gov.uk)

Michael Wagner

Deputy Director, Gas Sector, systems & Networks

Signed on behalf of the Authority and authorised for that purpose by the Authority