

Priority Gas Customer Arrangements
Modifications of the public gas transporter licence
A consultation document

Executive Summary

This document deals with the means of safeguarding, so far as it is safe and practicable to do so, the supply of gas to certain essential large volume users during a gas supply or transportation emergency.

In the event of a severe interruption in the gas supply to customers, the industry's contingency arrangements already assign "small customers" (i.e. domestic users, together with all others consuming below 732,000 kilowatt hours - kWh) precedence over larger customers. This arises from the practicalities of firm load shedding (i.e. the requirement on a Public Gas Transporter (PGT) to restrict or curtail the supply of gas to firm supply points during an emergency). Firm load shedding is an important tool in the management of supply emergencies – since a significant proportion of the firm gas load is concentrated in a relatively small number of large and very large industrial and commercial companies (i.e. those consuming gas from the highest levels down to 732,000 kWh); directly contacting these companies to reduce load is a more manageable and certain proposition than attempting to make individual contact with over 19 million low volume gas users.

Ofgem and the DTI are of the view that the position of the larger customers (i.e. those consuming above 732,000 kWh) needs to be clarified. Whilst it may be that many would not warrant any degree of priority at all, some, e.g. hospitals with firm supply contracts, would need to have their gas supplies safeguarded as far as possible and others might need gas until they could change over to an alternative fuel or shut down a major item of capital plant without damage.

In June 1998, the Department of Trade and Industry (DTI) issued a Consultation Paper¹ outlining a process which could be used to identify those larger sites which would need to be afforded "priority" status (either at the outset of a supply emergency or at some subsequent stage in its duration) and the degree of priority their activities warranted.

Following this period of consultation the DTI announced through a Response Document dated 10 May 1999 that it now wishes to implement a revised form of the arrangements discussed in the original paper. These entail the introduction of three categories of priority customer (to replace the single existing category set out in the Standard Conditions of the

¹ Gas Priority Customers, 1 June 1998

PGT's Licence) together with the power to designate, by additional directions, other classes or categories of priority customer should the circumstances of an emergency require it.

The Director General of Gas Supply (the Director) agrees that, in order to safeguard – as far as possible – gas supplies to those customers using small amounts of gas, and also on general safety grounds, these changes should be put into effect. This will require a modification of the Standard Conditions (SC) of the PGT Licence.

The Director is therefore proposing amendments to SC 18 of the PGT Licence to enable the Secretary of State to direct PGTs (either individually or as a group) to give varying priority status to one or more customers, or classes of customers.

The opportunity is also being taken to amend paragraph 11 of SC 18 to reflect the interaction between PGTs and the Network Emergency Co-ordinator.²

Chapter 2 of this document sets out the background to the proposed modification. Chapter 3 describes the proposals for modification to SC 18 of PGT licences and Chapter 4 sets out the issues on which the Director seeks views. Annex A is the formal notice under section 23 of the Gas Act 1986 proposing to modify PGT licences. The changes to be made are in the Schedule to that notice. A marked up comparison with the existing condition - showing how it is to be changed – is at Annex B and a copy of the existing condition is at Annex C.

The Director would welcome comments on the issues raised in Chapter 4 of this document and any others that interested parties wish to make. Representations must be received by 31 August 1999.

In order for the modifications now proposed by the Director to be introduced, it is necessary, under section 23 of the Gas Act 1986, for not less than 90% of all licensed public gas transporters, both by number and by volume of gas, to consent to them. For this purpose the volume of gas for each gas transporter is as estimated by the Director on the basis of information available to him. The Director will obtain from Transco information showing the volume of gas transported by each licensed public gas transporter to premises in the last twelve months.

Following the period of consultation, a draft of the proposed licence modifications will be produced with such amendments as are necessary in light of the responses to the consultation. For the purpose of assessing consent or non-consent to the proposal, all holders of public gas transporter licences will be sent a form for return to the Director on which they will be asked whether they consent to the modification or not. That form will also show the estimate of gas volume provided by Transco and will seek acceptance of that volume, for the purpose of the determination by the Director of the percentages by volume consenting to the proposed modification. If a licence holder regards the volume proposed to be used by the Director as inappropriate he should provide the Director with an alternative estimate and a statement of reasons for preferring his estimate over that proposed by the Director.

Replies should be addressed to:

David Farrell
Office of Gas and Electricity Markets
Stockley House
130 Wilton Road
London, SW1V 1LQ

It is open to respondents to mark all or part of their responses as confidential. However, we would prefer, as far as possible, that responses were provided in a form that can be placed in the Office of Gas and Electricity Markets' library.

If you have any queries concerning this consultation, Chrissy Jones on 0171 932 1629 will be pleased to help.

² Under the Gas Safety (Management) Regulations 1996, when two or more gas transporters are operating on a network, there should also be a sole Network Emergency Co-ordinator (NEC) for that network.

1. Introduction

1.1 Gas Supplies in an Emergency

1.1.1. The Government wishes to ensure that, as far as possible, the needs of priority customers are met during any emergency which results in a shortage of gas, subject to overriding safety considerations.

1.1.2. Under the Gas Safety (Management) Regulations 1996, each PGT is required to demonstrate that it has adequate arrangements for dealing with supply emergencies; these arrangements have to be set out in each PGT's Safety Case.

1.1.3. Domestic customers and other low volume users (i.e. those consuming below 732,000 kWh) already receive priority over the larger volume users. This is because:

- ◆ In the case of domestic customers (i.e. those consuming up to, but not above, 73,200 kWh), Standard Condition 2 of the Supplier's Licence, requires the supplier to provide a continuous supply of gas;
- ◆ In the case of domestic customers living alone who are disabled, chronically sick or of pensionable age, and are included in a list provided by a relevant supplier in accordance with condition 17(2)(d) of that supplier's licence, Standard Condition 18(5) of the PGT's Licence provides that, so far as is reasonably practicable, those customers shall not be deprived of adequate heating and cooking facilities; and
- ◆ In the case of other low volume users (i.e. those consuming above 73,200 kWh but below 732,000 kWh), the practical difficulty in making contact (in the case of Transco) with the very large number of users for load shedding purposes, means that, as far as is practicable, such customers are treated in the same way as domestic customers and not interrupted except in extreme circumstances.

1.1.4. In respect of these smaller customers, any requirement for load shedding would be achieved by the same means i.e. public appeals over the radio or television, leaflets and loud hailer vans.

1.1.5. A significant proportion of the firm gas load is concentrated in a relatively small number of large and very large industrial and commercial companies and certain other

non-commercial establishments e.g. hospitals, schools, universities, colleges and Defence Establishments. Contacting these users and asking them to reduce load is a more manageable proposition than attempting to contact over 19 million low volume gas users and more effective due to the large volumes of gas involved.

1.1.6. Whilst the situation of low gas users has been addressed, the position of certain of the larger users needs to be considered.

1.1.7. Last year, the Department of Trade and Industry (DTI) issued a consultation paper³, outlining the process to be used to identify those larger volume customers who would need to be afforded "priority" status, either at the onset of an emergency, or during an extended crisis – subject, of course, to the availability of gas and the means to transport it safely. The paper also explained how it was envisaged that the proposed arrangements would be implemented by the Network Emergency Co-ordinator (NEC) and the PGTs, together with the implications for gas shippers and gas suppliers. The DTI issued a Response Document, setting out its revised proposals in the light of comments received, on 10 May 1999.

1.1.8. Since then, two industry workshops have taken place. The first, held by the DTI and Ofgem, was to brief PGTs, shippers and suppliers on the detail of the new priority customer arrangements, the second, hosted by Transco, addressed the practicalities of identifying priority customers and conveying that information to Transco. A further workshop – specifically for gas customers is expected to be held in early September.

1.2 Standard Condition (SC) 18 – Emergency Services and Obligations

1.2.1. Standard Condition 18 of the PGT's licence sets out a number of obligations, on PGTs, in relation to emergency services and obligations. Paragraphs 1 to 8 deal with the obligation to set up an organisation for receiving reports of gas escapes and acting on such reports – especially in regard to escapes occurring within domestic premises. Other paragraphs deal with the special arrangements to be accorded to domestic customers at such premises who are chronically sick, disabled or of pensionable age.

1.2.2. Paragraphs (9) to (13) deal with non-domestic customers and are the focus of this Consultation Document.

³ Gas Priority Customers, 1 June 1998

1.2.3. Paragraph (9) applies the obligations under paragraph (10) of SC 18 to non domestic customers whose supply may only be interrupted or reduced in cases of emergency and to their premises (i.e. to customers, and the premises of customers, with firm supply contracts).

1.2.4. Paragraph (10) states that, where for reasons of safety, the gas supply to non domestic customers - or the conveyance of gas to their premises - needs to be interrupted, reduced or restricted, the PGT will give priority to those non domestic customers on its priority list.

1.2.5. Paragraph (11) states that, where the safety circumstances in paragraph (10) apply to the whole or a substantial part of Great Britain, the PGT shall, so far as is reasonably practicable, consult the Secretary of State for Trade and Industry before taking action under paragraph (10).

1.2.6. Paragraph (12) requires the PGT to establish a list of non-domestic customers who should be given priority as regards the maintenance of a supply of gas and the maintenance of conveyance of that gas to their premises. The PGT is required, as appropriate, to review the list and, after consultation with all relevant shippers, to amend it; the Secretary of State can also require the PGT to review and amend its priority list.

1.2.7. Paragraph (12) also provides that if the Secretary of State designates criteria to be taken into account by the PGT when establishing, reviewing or amending its list, the PGT must take account of those criteria in doing so.

1.2.8. Paragraph (13) states that any question as to whether a particular non-domestic customer satisfies the designated criteria shall be determined by the Secretary of State.

2. Reasons for the Proposed Modifications

2.1 *The Current Position*

2.1.1. PGTs are required, by the Gas Safety (Management) Regulations 1996, to prepare a Safety Case setting out, inter alia, how supply emergencies would be handled; this includes the means by which any necessary reduction in gas consumption would be achieved. SC 18 of the PGT Licence gives effect to these means.

2.1.2. The current wording of SC 18 requires PGTs to establish a list of customers who would have priority in the event of an emergency, and is framed simply in terms of priority as to the “maintenance of a supply and the maintenance of the conveyance of gas to a premise”. The Director considers that, whilst this approach has the benefit of simplicity, there are two aspects which require amendment viz.:

- ◆ there is no common understanding of what a non-domestic priority customer is; as a consequence there is a risk of inconsistency amongst PGTs, shippers and suppliers in identifying appropriate customers and premises;
- ◆ the current wording does not permit the nomination of additional categories of priority customer by the Secretary of State and the recognition of those additional priority categories by the PGTs.

2.1.3. In addition, the current wording of SC 18 does not explicitly recognise the possibility that there can be more than one class of priority customer, each class having separate gas supply requirements, which need to be treated differently.

2.1.4. It is also the case that SC 18 does not reflect the role of the Network Emergency Co-ordinator in dealing with supply or system emergencies.

2.1.5. The Director attaches considerable importance to the maintenance of gas supplies to customers (in accordance with his duties under s4(2)(a) of the Gas Act 1986) and the safe operation of the gas transportation system (s4A(1) of the Gas Act 1986). He has therefore concluded that, in order for PGTs to be able more effectively to meet their obligations under the Gas Safety (Management) Regulations 1996, and comply with any Directions issued by the Secretary of State relating to the handling of priority customers or the

inclusion of further categories of such customers, a modification needs to be made to the appropriate conditions of SC 18 of the PGT Licence.

2.1.6. The priority consumer arrangements described below will enable PGTs, and the industry to prioritise the supply of gas to large users during an emergency, subject to the gas being available and safe to transport.

2.1.7. In general, customers supplied under interruptible contracts have been excluded from any eligibility to priority status under these arrangements; this is because such customers already have measures in place to cope with a loss of gas supply e.g. by switching to an alternative fuel source or by shutting down. However, the arrangements now proposed will enable certain interruptible customers who meet the priority criteria set out below, under Category B, to be able to receive gas in an emergency, but only for the period specified in their interruptible supply contract.

2.2 The Priority Gas Customer Arrangements (PGCA)

2.2.1. Priority Customer Categories can only be designated by the Secretary of State.

Initially, it is proposed that there will be three such categories (to be known as A, B and C), but, the Secretary of State will be able to designate, by additional directions, others if the circumstances of a particular supply situation warrant it. The definitions of the initial categories are as follows:

Category "A"

2.2.2. This covers priority customers (above 732,000 kWh per annum) on firm supply contracts, where a failure in the supply to their premises could put lives at risk. Such premises would be as defined by the Secretary of State in any directions issued. As a practical matter to facilitate the task of identifying relevant customers for the purposes of these criteria, it will be presumed that all such customers are dependent on gas if they are not supplied under an interruptible supply contract. As far as possible, PGTs will endeavour to maintain gas supplies to such customers at all times, and take urgent steps to reinstate supplies if they ever fail.

Category "B"

2.2.3. This covers priority customers who would otherwise fall within category "A" but for the fact they are on PGT interruptible contracts. As far as possible supplies to such sites will be maintained for the contractually agreed notice period for interrupting the supply of gas. Whilst this typically allows a maximum of four hours to cease using gas, sites in this category would be expected to stop using gas as soon as reasonably possible. In effect, such sites require priority status only at the onset of an emergency. However, during an extended emergency, supplies might be restored to such customers in advance of supplies to other interruptible customers.

Category "C"

2.2.4. This covers customers operating major items of capital plant (e.g. blast furnace/coke ovens) which require time to be safely shut down and which would sustain serious damage (£50 million or more) if gas supplies ceased suddenly. If possible, supplies to such sites will be maintained to allow the relevant equipment to be progressively decommissioned to avoid major economic loss. However during an emergency, such customers would be expected to shut down immediately any other gas demand at the site which is not directly essential to the safe shut down process. These customers must also supply a site shutdown plan and a site load profile to the PGT.

2.2.5. Gas customers will be able to ascertain their priority category status – if any – from their suppliers; the DTI will arbitrate in any cases of disagreement between customers and suppliers over the correct priority category of sites.

2.2.6. The arrangements described are primarily designed to minimise the impact on priority users of any gas shortage. However, it must be emphasised that:

- ◆ the allocation of a priority category to a site does not guarantee a supply of gas, and
- ◆ supplies to priority customers could be lost e.g. if a PGT issues a priority user with a direction under the Gas Safety (Management) Regulations requiring them to cease using gas, that instruction has precedence over any "priority" status accorded under these arrangements.

2.2.7. It is therefore conceivable that priority customers can lose their gas supply. In such cases, on the restoration of the supply, a PGT may liaise with the relevant customers to request that their offtake rates commence at below contractual levels.

2.3 Other Relevant Information

2.3.1. The Priority Gas Customer Arrangements are designed to come into effect only in the event of a serious gas supply shortage. In such situations normal competitive activities by suppliers, shippers and PGTs are unlikely to take place as gas will either be unavailable in the requisite quantities, or the means to transport it to customers will be severely degraded. In the event of such a serious gas supply shortage all PGTs, shippers and suppliers operating in the affected area will be similarly disadvantaged.

2.3.2. The costs of complying with the proposed PGT Licence modifications will vary amongst PGTs, but are not expected to be significant. Shippers and suppliers are also likely to incur some minor costs in identifying the relevant customers and notifying them to Transco.

3. Proposals for the Modifications

3.1 Proposed Licence Condition

3.1.1. As amended, the proposed licence condition will set out the general obligations which will govern the way in which all licensed Public Gas Transporters undertake their activities in relation to Priority Customers.

3.2 Coverage of the Proposed Licence Condition

3.2.1. Licence Condition 18 as a whole deals with emergency services and obligations.

3.2.2. In relation to paragraphs (9) to (13) of the condition, which deal with priority customers, the first of the proposed changes is to paragraph (9) in which the words "relevant customer" will be substituted for the references to non-domestic customers and their premises. This changes the underlining basis for defining priority customers from non domestic use to size of consumption.

3.2.3. "Relevant customer" is defined in paragraph (12) as including:

- (a) a person who is supplied by a relevant supplier with gas conveyed to a particular supply point at a rate which is reasonably expected to exceed 732,000 kWh per annum, to the extent that the terms on which that person is supplied permit the supply to be interrupted or reduced only in pursuance of such a term as is mentioned in Condition 31(3) of the Standard Conditions of Gas Suppliers' licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976, and
- (b) any person who is the subject of a direction given by the Secretary of State in relation to paragraph (13)(c) of SC 18.

3.2.4. Paragraph (C) preserves the existing application of the priority arrangements to firm customers but restricts it to large firm customers.

3.2.5. The effect of the words in paragraph (b) of this definition is to enable other interruptible customers (in Category B) to be included in the arrangements for priority customers on the direction of the Secretary of State.

3.2.6. Paragraph (10) sets out the circumstances in which priority has to be given to customers in an emergency and it is proposed to be modified for conformity with the new definition of which customers are to be within the priority arrangements and to give flexibility in the manner in which priority is to be given.

3.2.7. Paragraph (11), which requires PGTs to consult with the Secretary of State when there is an emergency or gas shortage relating to the whole or a substantial part of Great Britain, is amended to reflect the role of the Network Emergency Co-ordinator in co-ordinating the actions of PGTs in an emergency and the need for the NEC to keep the Secretary of State informed, and consult with him, as appropriate, on developments.

3.2.8. Paragraph (12) sets out the duty on PGTs to establish and amend their priority lists. The main change to this paragraph is to remove from it the provisions which apply if the Secretary of State has designated criteria for the establishment and review of lists as this is now dealt with by paragraph (13).

3.2.9. Paragraph (13) sets out in detail the duty to comply with directions given by the Secretary of State in relation to the establishment and review of priority lists. Directions may be made as to:

- ◆ the classes of relevant customers on which the list is to be based;
- ◆ any other criteria on which the list is to be based;
- ◆ any other customers or classes of customers specifically required to be included in the list; and
- ◆ the nature and extent of any priority which will be given to any relevant customer or class of relevant customer as specified in the list.

3.2.10. Paragraphs (14) and (15) require PGTs to comply with directions given by the Secretary of State requiring priority to be given to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more classes of relevant customers. These directions may be given under paragraph (14) to all PGTs or under paragraph (15) to a particular PGT. The power is intended to meet unforeseen emergency difficulties and

directions under these paragraphs override the priority lists established under paragraph (12).

3.2.11. Paragraph (16) repeats with modification the wording previously set out in paragraph (13) whereby questions arising under the condition are determined by the Secretary of State.

3.2.12. Paragraph (17) sets out the definition of "relevant customer" described above.

3.2.13. Paragraph (18) provides that references in SC 18 to the maintenance of supply or conveyance of gas include references to the resumption of such supply or conveyance following its interruption or reduction. This will enable questions as to priority for resumption of supply or conveyance, as opposed to just the interruption or reduction of supply, to be dealt with through the priority lists and directions from the Secretary of State.

4. Issues for Consultation

The formal notice under section 23 of the Gas Act proposing modifications to standard condition 18 of PGT licences is set out at Annex A.

The Director invites views on:

1. the appropriateness of the underlying scheme for dealing with emergencies proposed in this document;
2. whether the terms of the proposed licence modification meet the intentions set out in this document;
3. whether the terms of the proposed licence modification would be acceptable to the holders of PGT Licences;
4. whether other changes are needed to the PGT Licence in order to facilitate the objectives of the Priority Gas Customer Arrangements, and, if so, what they should be;
and
5. whether the modifications proposed in the notice at Annex A should be made.

Annex A

Gas Act 1986

Section 23(3)

NOTICE

Notice of proposal to modify the standard conditions of the licences granted and treated as granted under section 7 of the Gas Act 1986 (Public Gas Transporters' Licences).

The Director General of Gas Supply (hereinafter referred to as "the Director") pursuant to section 23(3) of the Gas Act 1986 (hereinafter referred to as "the Act") hereby gives notice as follows –

1. The Director, pursuant to section 23(1)(b) of the Act, proposes to modify the standard conditions of licences granted and treated as granted under section 7 of the Act in the manner set out in the Schedule hereto.

2. The effect of the modifications that the Director proposes to make is the alteration of the basis on which a public gas transporter may be required to establish a list of customers who should be given priority when, for reasons of safety, the supply of gas to any customers or the conveyance of gas to their premises needs to be interrupted or reduced, and may be required to give priority to customers on that list by

–

- (a) redefining the group of customers in relation to which the obligation to establish priority lists applies, by reference to their levels of consumption instead of by reference to whether they are domestic or non-domestic customers;
- (b) making provision for different classes of priority customer;
- (c) requiring a public gas transporter, when reviewing or amending its list of priority customers, to comply with any direction given by the Secretary of State as to the classes of customers on which the list is to be based, any other criteria on which the list is to be based, any other customers or classes of customers specifically required to be included in the list and the nature and extent of any priority will be given to any such customer or class of customer as specified in the list; and
- (d) requiring a public gas transporter to comply with directions by the Secretary of State to give priority to the maintenance of the supply and

the conveyance of gas to the premises of one or more customers or classes of customers.

3. The reasons why the Director proposes to make the modifications are set out in the consultation paper that accompanies this notice.

4. Representations or objections with respect to the proposed modification may be made by 31 August 1999 and should be addressed to the Office of Gas and Electricity Markets, Stockley House, 130 Wilton Road, London SW1V 1LQ.

The Seal of the Director General of Gas Supply hereunto affixed is authenticated by –

.....
Duly authorised in that behalf by the
Director General of Gas Supply

28 July 1999

Schedule to Notice under section 23(3) of the Gas Act 1986

Public Gas Transporter Licence, Standard Condition 18: Emergency Services & Obligations – Proposed Modification

For paragraphs (9) to (13) of standard condition 18 of licences granted and treated as granted under section 7 of the Gas Act 1986 there shall be substituted the following paragraphs –

“(9) Paragraph (10) shall apply in relation to relevant customers and the premises of relevant customers.

(10) Where the licensee considers that, for reasons of safety (not being reasons relating solely to particular premises or a particular locality), the supply of gas to any relevant customer or the conveyance of gas to his premises needs to be interrupted, reduced or restricted, it shall, so far as reasonably practicable in the circumstances having regard to the over-riding importance of safety –

- (a) when making such a request of a relevant supplier or shipper as is mentioned in condition 31(2) of the Standard Conditions of Gas Suppliers’ Licences or condition 4(2) of the Standard Conditions of Gas Shippers’ Licences;
- (b) when telling a relevant customer that he should refrain from using gas, in pursuance of such a term of that customer’s contract for the supply of gas as is mentioned in condition 31(3)(b) of the Standard Conditions of Gas Suppliers’ Licences; or
- (c) when interrupting, reducing or restricting the conveyance of gas, give priority to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, relevant customers or classes of relevant customers in accordance with, and to the extent specified in the list required by paragraph (12), and (to the extent that they supersede or supplement such list) such directions as may from time to time have been given by the Secretary of State under paragraph (14) or (15).”

(11) Where the reasons of safety referred to in paragraph (10) relate to the whole or a substantial part of Great Britain or there is a significant shortage of gas affecting the whole or a substantial part of Great Britain, the licensee shall so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety –

- (a) (i) consult the network emergency co-ordinator, or
 - (ii) where the Licensee is the network emergency co-ordinator, inform and if appropriate consult the Secretary of State, on the taking of any such steps as are mentioned in sub-paragraph (a) or (b) of that paragraph and,
 - (b) shall do so before taking any such steps.
- (12) The licensee, if licensed under section 7(2)(a) of the Act, shall –
- (a) unless it has done so before being so licensed, establish a list of relevant customers who should be given priority as respects the maintenance of a supply of gas and the maintenance of the conveyance of gas to their premises, and
 - (b) as often as is appropriate, review the list, and so far as appears appropriate, amend it, after consultation with all relevant shippers which appear to the licensee to have an interest in the proposed amendment, and, without prejudice as aforesaid, shall conduct such a review and make any such amendments on being directed to do so by the Secretary of State.

(13) When the licensee establishes, reviews or amends any list established under paragraph (12), it shall comply with any direction given by the Secretary of State as to –

- (a) the classes of relevant customers on which the list is to be based;

- (b) any other criteria on which the list is to be based;
- (c) any other customers or classes of customers specifically required to be included in the list; and
- (d) the nature and extent of any priority which will be given to any relevant customer or class of relevant customer as specified in the list.

(14) The licensee shall comply with any directions given by the Secretary of State for the purposes of this condition generally requiring priority to be given, in such manner and to such extent as may be specified in the directions, to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more classes of relevant customers.

(15) The licensee shall comply with any directions given by the Secretary of State requiring the licensee to give priority, in such manner and to such extent as may be specified in the directions, to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more relevant customers or classes of relevant customers.

(16) Any question arising under this condition as to whether a particular relevant customer is required to be included in the list established, reviewed or amended under paragraph (12) shall be determined by the Secretary of State.

(17) In this condition –

- (a) “relevant customer” includes –
 - (i) any person who is supplied by a relevant supplier with gas conveyed to a particular supply point at a rate which is reasonably expected to exceed 732,000 kilowatt hours a year, to the extent that the terms on which that person is supplied permit such supply to be interrupted or reduced only in pursuance of such a term as is mentioned in Condition 31(3) of the Standard Conditions of Gas Suppliers’ licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976, and
 - (ii) any person mentioned in any direction given by the Secretary of State in relation to paragraph (13)(c) of this condition, and
- (b) “network emergency co-ordinator” shall be construed in the same manner as that term is construed in the Gas Safety (Management) Regulations 1996⁴.

(18) References in this condition to the maintenance of supply or conveyance of gas include references to the resumption of such supply or conveyance following its interruption or reduction.”

⁴ S.I.1996 No. 551.

Annex B

Public Gas Transporter Standard Licence Condition 18: Emergency services and obligations – Proposed Modifications

New text is shown underlined, together with deleted text.

~~(9) Paragraph (10) shall apply in relation to relevant customers and the premises of relevant customers.~~

~~(9) Paragraph (10) shall apply in relation to –~~

~~(a) non-domestic customers who are supplied with gas on terms on which the supply of gas may only be interrupted or reduced in pursuance of such a term as is mentioned in condition 31(3) of the Standard Conditions of Gas Suppliers' Licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976, and~~

~~(b) the premises of such non-domestic customers.~~

(10) Where the licensee considers that, for reasons of safety (not being reasons relating solely to particular premises or a particular locality), the supply of gas to any relevant customer or the conveyance of gas to his premises needs to be interrupted reduced or restricted, it shall, so far as reasonably practicable in the circumstances having regard to the over-riding importance of safety –

(a) when making such a request of a relevant supplier or shipper as is mentioned in condition 31(2) of the Standard Conditions of Gas Suppliers' Licences or condition 4(2) of the Standard Conditions of Gas Shippers' Licences;

(b) when telling a relevant customer that he should refrain from using gas, in pursuance of such a term of that customer's contract for the supply of gas as is mentioned in condition 31(3)(b) of the Standard Conditions of Gas Suppliers' Licences; or

(c) when interrupting, reducing or restricting the conveyance of gas, give priority to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, relevant customers or classes of relevant customers in accordance with, and to the extent specified in the list required by paragraph (12), and (to the extent that they supersede or supplement such list) such directions as may from time to time have been given by the Secretary of State under paragraph (14) or (15).

~~(10) Where the licensee considers that, for reasons of safety (unrelated to particular premises or a particular locality), the supply of gas to any non-domestic customers to whom this paragraph applies or the conveyance of gas to their premises needs to be interrupted, reduced or restricted, it shall, so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety –~~

~~(a) when making such a request of a relevant supplier or shipper as is mentioned in condition 31(2) of the Standard Conditions of Gas Suppliers' Licences or condition 4(2) of the Standard Conditions of Gas Shippers' Licences;~~

~~(b) when telling a non-domestic customer that he should use his best endeavours to refrain from using gas, in pursuance of such a term of that customer's contract for the supply of gas as is mentioned in condition 31(3)(b) of the Standard Conditions of Gas Suppliers' Licences, or~~

~~(c) when interrupting or restricting the conveyance of gas, give priority to the maintenance of the supply of gas to consumers on the priority list required by paragraph (12) and the conveyance of gas to their premises.~~

(11) Where the reasons of safety referred to in paragraph (10) relate to the whole or a substantial part of Great Britain or there is a significant shortage of gas affecting the whole or a substantial part of Great Britain, the licensee shall so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety –

- (a) consult –
 - (i) the network emergency co-ordinator, or
 - (ii) where the Licensee is the network emergency co-ordinator, inform and if appropriate consult the Secretary of State,on the taking of any such steps as are mentioned in sub-paragraph (a) or (b) of that paragraph and,
- (b) shall do so before taking any such steps.

~~(11) Where the reasons of safety referred to in paragraph (10) relate to the whole or a substantial part of Great Britain or there is a significant shortage of gas affecting the whole or a substantial part of Great Britain, the licensee shall consult the Secretary of State on the taking of any such steps as are mentioned in sub-paragraph (a) or (b) of that paragraph and, so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety, shall do so before taking any such steps.~~

- (12) The licensee, if licensed under section 7(2)(a) of the Act, shall –
- (a) unless it has done so before being so licensed, establish a list of relevant customers who should be given priority as respects the maintenance of a supply of gas and the maintenance of the conveyance of gas to their premises, and
 - (b) as often as is appropriate, review the list, and so far as appears appropriate, amend it, after consultation with all relevant shippers which appear to the licensee to have an interest in the proposed amendment, and, without prejudice as aforesaid, shall conduct such a review and make any such amendments on being directed to do so by the Secretary of State.

- ~~(12) The licensee, if licensed under section 7(2)(a) of the Act, shall~~
- ~~(a) unless it has done so before being so licensed, establish a list of non-domestic customers who should be given priority as respects the maintenance of a supply of gas and the maintenance of the conveyance of gas to their premises, and~~
 - ~~(b) as often as is appropriate, review the list, and so far as appears appropriate, amend it, after consultation with all relevant shippers which appear to the licensee to have an interest in the proposed amendment, and, without prejudice as aforesaid, shall conduct such a review and make any such amendments on being directed so to do by the Secretary of State,~~

~~and, if the Secretary of State has designated criteria to be taken into account when such a list is established, reviewed or amended, the licensee shall take account of those criteria in doing so.~~

- (13) When the licensee establishes, reviews or amends any list established under paragraph (12), it shall comply with any direction given by the Secretary of State as to –
- (a) the classes of relevant customers on which the list is to be based;
 - (b) any other criteria on which the list is to be based;
 - (c) any other customers or classes of customers specifically required to be included in the list; and
 - (d) the nature and extent of any priority which the list should specify will be given to any relevant customer or class of relevant customer.

~~(13) Any question arising under this condition as to whether a particular non-domestic customer satisfies the designated criteria shall be determined by the Secretary of State.~~

(14) The licensee shall comply with any directions given by the Secretary of State for the purposes of this condition generally requiring priority to be given, in such manner and to such extent as may be specified in the directions, to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more classes of relevant customers.

(15) The licensee shall comply with any directions given by the Secretary of State requiring the licensee to give priority, in such manner and to such extent as may be specified in the directions, to the maintenance of the supply of gas to, and the conveyance of gas to the premises of, one or more relevant customers or classes of relevant customers.

(16) Any question arising under this condition as to whether a particular relevant customer is required to be included in the list established, reviewed or amended under paragraph (12) shall be determined by the Secretary of State.

(17) In this condition –

(a) “relevant customer” includes –

(i) any person who is supplied by a relevant supplier with gas conveyed to a particular supply point at a rate which is reasonably expected to exceed 732,000 kilowatt hours a year, to the extent that the terms on which that person is supplied permit such supply to be interrupted, reduced or restricted only in pursuance of such a term as is mentioned in Condition 31(3) of the Standard Conditions of Gas Suppliers’ licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976, and

(ii) any person mentioned in any direction given by the Secretary of State in relation to paragraph (13)(c) of this condition, and

(b) “network emergency co-ordinator” shall be construed in the same manner as that term is construed in the Gas Safety (Management) Regulations 1996⁵.

(18) References in this condition to the maintenance of supply or conveyance of gas include references to the resumption of such supply or conveyance following its interruption, reduction or restriction.

⁵ S.I. 1996 No. 551.

Annex C

Condition 18: Emergency Services & Obligations

- 1) The licensee shall use all reasonable endeavours to arrange with other public gas transporters for –
 - a) the maintenance of a single continuously manned telephone service, with the facilities mentioned in paragraph (2), for the receipt of reports of escapes of gas in respect of which the licensee or other public gas transporters may have obligations under paragraphs 20 and 21 of Schedule 2B to the Act and for the licensee to be informed of any escapes of gas in respect of which it may have such obligations;
 - b) the information contained in reports received by that service of escapes of gas in respect of which the licensee may have such obligations to be given, without delay, to the licensee, and
 - c) the securing of adequate publicity for the service and its telephone number, having regard, in particular, to the special needs of blind or partially sighted persons.

- 5) The licensee shall make arrangements whereby, so far as is reasonably practicable, the occupier of any premises to which gas is conveyed by the licensee (or of any premises which are secondary sub-deduct premises in relation to any primary sub-deduct premises to which gas is conveyed by the licensee) who -
 - a) is a domestic customer
 - b) is a disabled or chronically sick person or is of pensionable age
 - c) does not share the occupancy of the premises with any person who is not a disabled or chronically sick person, not of pensionable age and not a minor, and
 - d) is included in a list of domestic customers information in respect of which has been provided to the licensee in pursuance of arrangements made by a relevant supplier for the purposes of condition 17(2)(d) of the Standard Conditions of Gas Suppliers' Licences as incorporated in that supplier's licence,

is not deprived of adequate heating and cooking facilities where the conveyance of gas to those premises has been disconnected for the purpose of averting danger to life or property.

- 9) Paragraph (10) shall apply in relation to -
 - a) non-domestic customers who are supplied with gas on terms on which the supply of gas may only be interrupted or reduced in pursuance of such a term as is mentioned in condition 31(3) of the Standard Conditions of Gas Suppliers' Licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976, and
 - b) the premises of such non-domestic customers.

- 10) Where the licensee considers that, for reasons of safety (unrelated to particular premises or a particular locality), the supply of gas to any non-domestic customers to whom this paragraph applies or the conveyance of gas to their premises needs to be interrupted, reduced or restricted, it shall, so far as is reasonable practicable in the circumstance having regard to the over-riding importance of safety –
- a) when making such a request of a relevant supplier or shipper as is mentioned in condition 31(2) of the Standard Conditions of Gas Suppliers' Licences or condition 4(2) of the Standard Conditions of Gas Shippers' Licences;
 - b) when telling a non-domestic customer that he should use his best endeavours to refrain from using gas, in pursuance of such a term of that customer's contract for the supply of gas as is mentioned in condition 31 (3)(b) of the Standard Conditions of Gas Suppliers' Licences, or
 - c) when interrupting or restricting the conveyance of gas,

give priority to the maintenance of the supply of gas to consumers on the priority list required by paragraph (12) and the conveyance of gas to their premises.

- (11) Where the reasons of safety referred to in paragraph (10) relate to the whole or a substantial part of Great Britain or there is a significant shortage of gas affecting the whole or a substantial part of Great Britain, the licensee shall consult the Secretary of State on the taking of any such steps as are mentioned in sub-paragraph (a) or (b) of that paragraph and, so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety, shall do so before taking any such steps.

- (12) The licensee, if licensed under section 7(2)(a) of the Act, shall –
- (a) unless it has done so before being so licensed, establish a list of non-domestic customers who should be given priority as respects the maintenance of a supply of gas and the maintenance of the conveyance of gas to their premises, and
 - (b) as often as is appropriate, review the list, and so far as appears appropriate, amend it, after consultation with all relevant shippers which appear to the licensee to have an interest in the proposed amendment, and, without prejudice as aforesaid, shall conduct such a review and make any such amendments on being directed to do so by the Secretary of State,

and, if the Secretary of State has designated criteria to be taken into account when such a list is established, reviewed or amended, the licensee shall take account of those criteria in doing so.

- (13) Any question arising under this condition as to whether a particular non-domestic customer satisfies the designated criteria shall be determined by the Secretary of State.

Annex C

Condition 18: Emergency Services & Obligations

- 2) The licensee shall use all reasonable endeavours to arrange with other public gas transporters for –
- d) the maintenance of a single continuously manned telephone service, with the facilities mentioned in paragraph (2), for the receipt of reports of escapes of gas in respect of which the licensee or other public gas transporters may have obligations under paragraphs 20 and 21 of Schedule 2B to the Act and for the licensee to be informed of any escapes of gas in respect of which it may have such obligations;
 - e) the information contained in reports received by that service of escapes of gas in respect of which the licensee may have such obligations to be given, without delay, to the licensee, and
 - f) the securing of adequate publicity for the service and its telephone number, having regard, in particular, to the special needs of blind or partially sighted persons.

- 6) The licensee shall make arrangements whereby, so far as is reasonably practicable, the occupier of any premises to which gas is conveyed by the licensee (or of any premises which are secondary sub-deduct premises in relation to any primary sub-deduct premises to which gas is conveyed by the licensee) who -

- e) is a domestic customer
- f) is a disabled or chronically sick person or is of pensionable age
- g) does not share the occupancy of the premises with any person who is not a disabled or chronically sick person, not of pensionable age and not a minor, and
- h) is included in a list of domestic customers information in respect of which has been provided to the licensee in pursuance of arrangements made by a relevant supplier for the purposes of condition 17(2)(d) of the Standard Conditions of Gas Suppliers' Licences as incorporated in that supplier's licence,

is not deprived of adequate heating and cooking facilities where the conveyance of gas to those premises has been disconnected for the purpose of averting danger to life or property.

- 11) Paragraph (10) shall apply in relation to -
- c) non-domestic customers who are supplied with gas on terms on which the supply of gas may only be interrupted or reduced in pursuance of such a term as is mentioned in condition 31(3) of the Standard Conditions of Gas Suppliers' Licences or in pursuance of directions given under section 2(1)(b) of the Energy Act 1976, and
 - d) the premises of such non-domestic customers.

- 12) Where the licensee considers that, for reasons of safety (unrelated to particular premises or a particular locality), the supply of gas to any non-domestic customers to whom this paragraph applies or the conveyance of gas to their premises needs to be interrupted, reduced or restricted, it shall, so far as is reasonable practicable in the circumstance having regard to the over-riding importance of safety –
- d) when making such a request of a relevant supplier or shipper as is mentioned in condition 31(2) of the Standard Conditions of Gas Suppliers' Licences or condition 4(2) of the Standard Conditions of Gas Shippers' Licences;
 - e) when telling a non-domestic customer that he should use his best endeavours to refrain from using gas, in pursuance of such a term of that customer's contract for the supply of gas as is mentioned in condition 31 (3)(b) of the Standard Conditions of Gas Suppliers' Licences, or
 - f) when interrupting or restricting the conveyance of gas,

give priority to the maintenance of the supply of gas to consumers on the priority list required by paragraph (12) and the conveyance of gas to their premises.

- (13) Where the reasons of safety referred to in paragraph (10) relate to the whole or a substantial part of Great Britain or there is a significant shortage of gas affecting the whole or a substantial part of Great Britain, the licensee shall consult the Secretary of State on the taking of any such steps as are mentioned in sub-paragraph (a) or (b) of that paragraph and, so far as is reasonably practicable in the circumstances having regard to the over-riding importance of safety, shall do so before taking any such steps.
- (14) The licensee, if licensed under section 7(2)(a) of the Act, shall –
- (c) unless it has done so before being so licensed, establish a list of non-domestic customers who should be given priority as respects the maintenance of a supply of gas and the maintenance of the conveyance of gas to their premises, and
 - (d) as often as is appropriate, review the list, and so far as appears appropriate, amend it, after consultation with all relevant shippers which appear to the licensee to have an interest in the proposed amendment, and, without prejudice as aforesaid, shall conduct such a review and make any such amendments on being directed to do so by the Secretary of State,

and, if the Secretary of State has designated criteria to be taken into account when such a list is established, reviewed or amended, the licensee shall take account of those criteria in doing so.

(13) Any question arising under this condition as to whether a particular non-domestic customer satisfies the designated criteria shall be determined by the Secretary of State.