

Iain Taylor
Director, Group Regulatory Affairs
British Gas Trading Limited
17 London Road
Staines
Middlesex
TW18 4AE

*Bringing choice and
value to customers*

Your Ref:
Our Ref: RBA SP PRC 157
Direct Dial: 020 7901 7052
Email: iain.osborne@ofgem.gov.uk

27 March 2002

Dear Iain,

Implementation of supply price regulation final proposals for British Gas Trading

The Gas and Electricity Markets Authority (the Authority) directs British Gas Trading's (BGT's) supply price controls to cease to have effect from 1 April 2002.

Enclosed with this letter is the direction notice to this effect.

The Authority's direction will result in BGT's voluntary standards of performance in gas supply automatically ceasing to have effect from 1 April 2002. This is because paragraph 10 of special condition 13A (Service Standards) of BGT's gas supply licence states that "This condition shall cease to have effect if special condition 3 ceases to have effect". For the purpose of clarity, the Authority's decision will not affect BGT's metering related standards of performance, which will continue to remain in force.

We will be seeking to take forward a process to implement the Authority's decision regarding the requirement for regulatory accounts to be submitted in the future. We will be writing to you about this process shortly.

Please contact Chris Bowley on 020 7901 7372 or myself on 020 7901 7052 if you wish to discuss any aspect of the Authority's decision.

Yours sincerely



Iain Osborne
Director, Supply

DIRECTION

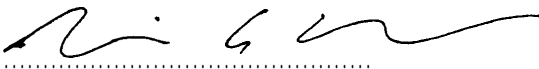
DIRECTION MADE IN RESPECT OF SPECIAL CONDITION 3 OF THE GAS SUPPLIER LICENCE GRANTED OR TREATED AS GRANTED TO BRITISH GAS TRADING LIMITED

To:

British Gas Trading Limited
17 London Road
Staines
Middlesex
TW18 4AE

The Gas and Electricity Markets Authority (“the Authority”), pursuant to paragraph 14 of Special Condition 3 (Restriction of certain prices for domestic customers) of the Gas Supplier Licence (“the Licence”) treated as granted under section 7A(1) of the Gas Act 1986 (as amended) to British Gas Trading Limited (“the Licensee”), hereby directs that Special Condition 3 of the Licence shall cease to have effect from 1 April 2002.

Dated: 27 March 2002

Signed 

authorised on behalf of the
Gas and Electricity Markets Authority

NOTICE UNDER SECTION 38A OF THE GAS ACT 1986 IN RESPECT OF THE DIRECTION MADE UNDER SPECIAL CONDITION 3 OF THE GAS SUPPLIER LICENCE TREATED AS GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986 (AS AMENDED) TO BRITISH GAS TRADING LIMITED

1. Special condition 3 contains the provisions relating to price controls under which the Licensee may charge its customers in accordance with permissible tariffs.
2. Under paragraph 14 of Special Condition 3 of the Licence the Authority may direct that the condition shall cease to have effect in the Licence.
3. The Authority consulted on domestic gas competition and supply price regulation on 20 February 2002 and has considered any representations or objections duly made and not withdrawn. No material new matters were contained in the representations which were made, and which had not been previously considered by the Authority.
4. In light of the evidence collected in respect of domestic gas competition in the supply market the Authority is of the view that it is inappropriate for Special Condition 3 to continue to apply in the Licence.
5. The Authority has therefore directed that Special Condition 3 of the Licence shall cease to have effect from 1 April 2002.