

## Notice under Section 23(3) of the Gas Act 1986

The Gas and Electricity Markets Authority ("the Authority") hereby gives notice pursuant to section 23(3) of the Gas Act 1986 ("the Act") as follows:

1. The Authority proposes to modify all of the gas suppliers licences granted or treated as granted under section 7A of the Act by adding standard condition 34A containing paragraphs 1 to 6, which will have the effect described in paragraph 4 of this notice.
2. The reasons why the Authority proposes to make these licence modifications and their effect were published by the Authority in the following documents:
  - a. *Gas supply market: governance arrangement. Summary of Responses and Way Forward, December 2001*
  - b. *Gas Retail Governance: Further Consultation, June 2003*
  - c. *Gas Retail Governance: Final Proposals, March 2004*
  - d. *Gas Retail Governance: Decision Document, April 2004*
3. The proposed standard condition 34A is set out in the schedule to this notice.
4. In summary, the effect of the modifications now proposed is to add standard condition 34A which states the scope relevant and objectives of a supply point administration agreement and includes a requirement for domestic suppliers to become parties to and thereafter to comply with the supply point administration agreement.
5. A pro forma that relevant licence holders may wish to use in order to register a statutory objection is appended to this notice.
6. A copy of the proposed modifications and other documents referred to in this notice are available (free of charge) from the Ofgem Library (telephone 020 7901 1600) or on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)).
7. Any representations or objections with respect to the proposed modifications may be made on or before 02 June 2004 and should be addressed to Nick Simpson, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)



John Neilson  
Managing Director, Corporate Affairs  
Duly authorised on behalf of the Authority

30 April 2004

### **Condition 34A. The Supply Point Administration Agreement**

1. The licensee shall, in conjunction and co-operation with all other suppliers, prepare, maintain and be a party to a form of agreement to be known as the Supply Point Administration Agreement, as may be designated by the Authority for the purposes of this condition generally, being a document
  - (a) designed to facilitate achievement of the relevant objectives set out in paragraph 4; and
  - (b) including the modification procedures required by paragraph 5 and the matters required by paragraphs 6 and 7.
2. The licensee shall comply with the relevant provisions of the Supply Point Administration Agreement.
3. The Supply Point Administration Agreement shall be an agreement made between:
  - (a) on the one part, the licensee and all other gas suppliers to whom this condition applies; and
  - (b) on the other part, such other persons as are necessary parties, as determined by parties to the agreement.
4. The relevant objectives referred to in paragraph 1(a) are:
  - a) the development, maintenance and operation of an efficient, co-ordinated and economical change of supplier process;
  - b) the furtherance of effective competition between gas suppliers and between relevant agents;
  - c) the promotion of efficiency in the implementation and administration of the supply point administration arrangements; and
  - d) so far as is consistent with sub-paragraphs (a), (b) and (c), the efficient discharge of the licensee's obligations under this licence.
5. The Supply Point Administration Agreement shall contain:

- a) provisions for admitting as an additional party to the Supply Point Administration Agreement any person who accepts the terms and fulfils the conditions (each as specified in the Supply Point Administration Agreement) on which accession to the Supply Point Administration Agreement is offered;
- b) provisions for the licensee to refer to Ofgem for determination, whether of its own motion or as provided in the Supply Point Administration Agreement, any dispute which shall arise as to whether a person seeking to be admitted as a party to the SPAA has fulfilled any accession conditions; and if Ofgem determines that the person seeking admission has fulfilled all relevant accession conditions, for admitting such person as a party to the Supply Point Administration Agreement;
- c) arrangements enabling modification of the Supply Point Administration Agreement:
  - (i) so as to better facilitate the achievement of the relevant objectives as set out in paragraph 4; and
  - (ii) following consultation with the parties, or representatives of the parties, to that agreement and other interested parties.
- d) provisions (which shall be approved in advance by Ofgem) by virtue of which specified parts of the Supply Point Administration Agreement shall not be capable of modification without the prior approval of the Authority;
- e) provisions enabling parties to the Supply Point Administration Agreement to appeal against any proposed modification of the Supply Point Administration Agreement to the Authority for determination; and
- f) provisions for the Authority to be furnished with a copy of any modification which is made.
- g) provisions for a copy of the Supply Point Administration Agreement and accompanying schedules to be provided to any person requesting the

same upon payment of an amount not exceeding the reasonable costs of making and providing such copy.

6. The licensee shall take all reasonable measures to secure and implement (consistently with the procedures applicable under or in relation to the core industry documents to which it is party (or in relation to which it holds rights in respect of amendment)), and shall not take any steps to prevent or unduly delay, such changes which are appropriate in order to give full and timely effect to any modification which has been made to the Supply Point Administration Agreement.

## **Proposed Modification of Standard Licence Condition**

Standard condition 34A in the gas suppliers licence

In response to the statutory notice issued on 30 April 2004 pursuant to section 23(3) of the Gas Act 1986, in respect of the above proposed modification, this notice constitutes a statutory objection to that proposal on behalf of [ ]. I confirm that I am duly authorised to give this notice on behalf of each the above named companies.

Signed:

Date:

Unless otherwise requested, Ofgem will send confirmation of receipt to:

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