

**Competition in the Provision of Gas
Metering Services: Licence
Amendments**

**Decision Document & Section 23
Notices**

June 2004 130/04

Executive Summary

In May 2000 Ofgem published proposals to secure effective competition in the provision of gas metering services¹. This led to the establishment of the Review of Gas Metering Arrangements (RGMA) project which was tasked with determining industry-wide business processes and supporting data flows to underpin competition in gas metering services, as well as the organisational separation of Transco's transportation and metering businesses. The RGMA business processes and dataflows are planned to be implemented in July 2004.

In addition, Ofgem undertook an investigation last year into the provision of gas metering information by Transco². Although Ofgem concluded, in October 2003, that there was insufficient evidence to show that there had been an infringement of the provisions of Transco's gas transporter's licence, it proposed that certain licence changes were required to formalise Transco's operational and system separation. These included the possibility of re-defining Transco's transportation and metering businesses and providing greater clarity on the restrictions on the use of certain information between the different parts of Transco's businesses.

It is in this context that Ofgem published a consultation document in December 2003³ regarding proposed licence changes to gas transporter's, shipper's and supplier's licences to support implementation of the RGMA Baseline and the system separation of Transco's transportation and metering businesses.

In April 2004 Ofgem published a further consultation document⁴ which outlined final proposed licence amendments and supporting licence text. Fifteen responses were received to this consultation. These have aided Ofgem to identify the final licence amendments considered necessary to support these initiatives. These are:-

- ◆ amendments to Transco's gas transporters licence so that no information relating to, or derived from, Transco's transportation business is disclosed for the benefit of its metering business and its metering reading business. For an interim period Ofgem will, just before RGMA implementation, require Transco to seek the Authority's formal consent to allow information regarding the provision of

¹ Securing Effective Competition in Gas Metering and Meter Reading Services: The Director General's Final Proposals – May 2000

² The provision of metering information by Transco: Conclusions – October 2003 – 125/03

³ Competition in Gas Metering Services: Proposed Licence Amendments – December 2003 – 172a/03

⁴ Competition in Gas Metering Services: Proposed Licence Amendments: Final Proposals – April 2004 – 79/04

services relating to daily meter reading services, primes and sub-deduct meters/unique sites, siteworks and queries to flow between Transco's transportation and metering businesses;

- ◆ amendments to a small number of licence conditions to place the gas supplier at the "hub" of the gas metering arrangements;
- ◆ amendments to Transco's gas transporter's licence to place a duty on Transco to develop and maintain its metering business on reasonable terms;
- ◆ amendments to a small number of licence conditions to ensure that all gas transporters and domestic suppliers use "approved" Meter Asset Managers (MAMs) that operate in accordance with the Gas Meter Asset Manager's Code of Practice (MAMCoP), developed by the Ofgem facilitated Technical Issues sub-group (TISG). Ofgem is also seeking the views of the industry on whether a similar provision should be placed on industrial and commercial (I&C) suppliers as well as outline the arrangements that need to be put in place in the interim;
- ◆ an amendment to the gas supplier's licence to ensure that where a gas meter owned by the supplier is disconnected or returned to that supplier then they record and retain details of such meters for a period of not less than 2 years;
- ◆ amendments to Transco's gas transporter's licence to allow Transco to depart from its published statement of metering charges where it considers such a departure is necessary to allow it to develop and maintain its metering business on reasonable terms. This will be subject to the consent of the Authority.

In the April document Ofgem consulted on the possibility of extending the licence amendments to also apply to Independent Gas Transporters (iGTs). Responses received regarding this proposal were, on the whole, fairly balanced, although in relation to a number of the specific licence amendments, respondents raised issues which highlighted that the extension of the modifications to all gas transporters would be problematic. Having considered the responses, the only amendment that Ofgem is now intending to apply to iGTs, at this stage, is in relation to the MAMCoP. Ofgem consider that this will not be too onerous for smaller gas transporters and that compliance with this condition by iGTs will help maintain technical and safety standards across the industry.

In the April document Ofgem also consulted on the most appropriate way to exclude primes & sub-deduct meters and unique sites from the proposed licence amendments during the interim period. Two possible options were proposed. The first was to explicitly exclude these meter configurations from each licence amendment and the second was to issue an industry letter setting out clearly which amendments these meters would be excluded from. In light of support received in relation to an open industry letter, and notwithstanding there is no formal basis for it, Ofgem intend to follow this route.

Ofgem intend to implement the relevant changes within the licences of gas shippers and suppliers and Transco's gas transporters licence as well as implementing a further modification to the licences of gas transporters. To this end, attached to this document in Appendices 1, 2, 3 and 4, are notices issued pursuant to Section 23 (3) of the Gas Act 1986 (Gas Act) which detail the modifications the Authority is proposing to make to various licences. The corresponding draft licence text is attached in Appendix 5. Ofgem is seeking views in relation to any remaining issues regarding the Section 23 Notices and licence text within 28 days of their issue (by 7 July 2004). A copy of the notices will be sent to the Secretary of State, the Health and Safety Executive and energywatch and, subject to any final comments, Ofgem will directly implement the changes.

Subject to the outcome of the consultation process or any direction from the Secretary of State, Ofgem is proposing to implement modifications to the licence conditions that will come into effect concurrently with the implementation of RGMA in July 2004. This work will be undertaken in parallel with Ofgem's consideration of proposed modifications to Transco's Network Code which will also need to be in place in time for RGMA implementation.

Ofgem continue to see merit, at this early phase in the development of gas metering competition, in providing guidance on the various gas metering licence conditions so as to provide increased regulatory certainty. As such Ofgem intend to publish a guidance document in the period immediately following the implementation of the RGMA Baseline and Transco's business separation.

Comments are requested to the Section 23 Notices and the final licence amendments appended to this document by 7 July 2004.

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1. Introduction

Overview

- 1.1 Ofgem have a principal objective to protect the interests of gas and electricity consumers, wherever appropriate, by promoting effective competition. In gas and electricity metering services the development of competition could serve to deliver significant benefits to consumers through lower prices and improved standards of service. Ofgem therefore consider it appropriate to take steps to promote competition in metering.
- 1.2 Implementation of the RGMA Baseline and the system separation of Transco's transportation and metering activities were initiatives intended to support the development of the competitive gas metering market. A small number of licence amendments were perceived to be necessary to underpin these initiatives and, in December 2003, Ofgem published its initial proposals (*"the December document"*). These were followed, in April 2004, by the publication of its final proposals and support licence text (*"the April document"*).
- 1.3 The purpose of this document is to consider the responses received to the April document and, in view of these, set out the final amendments Ofgem will be implementing within the various licences in order to underpin the changing market structure.

Structure of the document

- 1.4 Chapter 2 provides information on the existing legal framework and a summary of background information regarding the development of the final proposals.
- 1.5 Chapter 3 highlights the key issues that were raised by industry players in response to the proposed licence amendments detailed in the April document.
- 1.6 Chapter 4 reflects on the views expressed by respondents and, on the basis of these and the proposals, sets out the final licence modifications that Ofgem will be pursuing.
- 1.7 Chapter 5 gives Ofgem's conclusions on the consultation process.

1.8 Appendices 1, 2, 3 and 4 provide the formal notices pursuant to Section 23(3) of the Gas Act to amend standard conditions (SLCs) in the gas shippers', suppliers' and transporters' licences and amended SLCs and special conditions (SpLCs) in Transco's gas transporter's licence. Appendix 5 provides the final text of the relevant licence conditions that Ofgem will incorporate into the shipper's, supplier's and gas transporter's licences.

Timetable

1.9 The timetable is as follows:

◆	Decision document published	10 June 2004
◆	Section 23 Notices issued	10 June 2004
◆	Responses received	7 July 2004
◆	RGMA implementation	12 July 2004
◆	Licence Amendments implemented	12 July 2004

1.10 Responses should be addressed to:

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9 Millbank
London
SW1P 3GE
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1.11 Ofgem prefers to receive responses in an electronic form so that they can be placed on the Ofgem website.

1.12 Any enquiries regarding this document should be addressed to Mark Baldock (Tel. 020 7901 7221/mark.baldock@ofgem.gov.uk) or Hannah Cook (Tel. 020 7901 7444/hannah.cook@ofgem.gov.uk). The deadline for responses is 7 July 2004.

1.13 Responses will normally be published on the Ofgem website and held electronically in Ofgem's Research and Information Centre unless there are good reasons why they must remain confidential. It would be helpful if respondents could put any confidential material in appendices to their responses.

2. Background

Overview

- 2.1 The purpose of this Chapter is to provide information on the existing legal framework and a brief summary regarding the development of the final licence amendments which are necessary to reflect the implementation of the RGMA Baseline.

Legal

- 2.2 Ofgem have a principal objective to protect the interests of gas and electricity consumers, wherever appropriate, by promoting effective competition. Competition in gas and electricity metering services will deliver significant benefits to consumers through lower prices and improved standards of service.
- 2.3 In Ofgem's view the existing regulatory framework, provided for under the Gas Act, instruments and licences issued under this Act, as well as competition law more generally, is sufficiently robust to support emerging metering competition.
- 2.4 However, Ofgem is also of the view that some of the existing licence conditions need to be amended to reflect the emergence of competition in the provision of gas metering services and the implementation of the RGMA Baseline. A degree of change will also support Ofgem's conclusions from its investigation of a complaint made by a third party concerning Transco's provision of gas metering information. This investigation concluded that a potential redefinition of Transco's transportation and metering business along with greater clarity on the restrictions on the use of certain information between the different parts of Transco's business was required.

Summary Impact Assessment (SIA)

- 2.5 As part of the December document, Ofgem undertook an SIA examining the likely impact that implementation of amendments to existing licence conditions would have on the industry. The assessment stated that the amendments were intended to reflect a number of key principles embodied within the RGMA Baseline including the separation of Transco's transportation and metering businesses, the principle of placing the supplier at the "hub" of metering

arrangements and the establishment of effective governance of the emerging roles within the gas metering market.

- 2.6 The SIA concluded that the impact on the industry was likely to be limited as the licence amendments proposed were simply a reflection of changes already being made within the industry as a result of the implementation of RGMA Baseline. Therefore it was anticipated that market participants would not incur any significant additional costs from such licence adjustments.
- 2.7 The proposals are also in line with the principle of better regulation as they are intended to remove obligations upon gas transporters, shippers and suppliers that are no longer relevant to the prevailing market conditions.

Final Licence Amendments

- 2.8 In May 2000 Ofgem published proposals to secure effective competition in the provision of gas metering services. This led to the establishment of the RGMA project which was tasked with determining industry-wide business processes and supporting data flows to underpin competition in gas metering services, as well as the organisational separation of Transco's transportation and metering businesses.
- 2.9 Ofgem also undertook an investigation into the provision of gas metering information by Transco. Although Ofgem concluded, in October 2003, that there was insufficient evidence to show that there had been an infringement of the provisions of Transco's gas transporter's licence, it proposed that certain licence changes were required to formalise Transco's operational and system separation.
- 2.10 In December 2003 Ofgem issued a consultation document outlining its initial thoughts on the amendments to licences it considered necessary to reflect the development of gas metering competition.
- 2.11 In April 2004 Ofgem published a further consultation paper which outlined the final proposed licence amendments and supporting licence text.
- 2.12 A number of responses were received during the consultation period and a summary of these can be found in Chapter 3. Consideration of the issues raised has informed Ofgem's thinking regarding the final licence changes. Chapter 4

discusses the implications that such views have had for the relevant licence amendments and sets out the final licence amendments that Ofgem is proposing to make.

3. Industry Responses

Overview

- 3.1 The April document sought views on final proposed amendments to a number of gas transporter's, shipper's and supplier's licence conditions which, it was anticipated, would underpin the RGMA Baseline and the system separation of Transco's transportation and metering businesses targeted for implementation from July 2004. It also sought the views of the industry on two specific issues, namely the role of iGTs and the treatment of primes & sub-deduct meters and unique sites.
- 3.2 Fifteen responses were received during the consultation period and this Chapter highlights the main points raised by respondents. Copies of the non confidential responses can be found on Ofgem's website⁵.

Role of iGTs

- 3.3 In the April document, Ofgem noted that although, to date, the primary focus of the RGMA Baseline had been on the relationship between Transco, shippers and suppliers there was always an understanding within the industry that the RGMA Baseline was designed with a view of supporting an industry-wide competitive gas metering market.
- 3.4 In this context, although the proposed licence amendments were drafted on the basis that they will only apply to shippers, suppliers and Transco, Ofgem took the view that careful consideration needed to be given on whether a number of the proposals, such as those relating to enhancing supplier responsibility, the provision of metering services "*on reasonable terms*", the MAMCoP and the transporter's role in keeping and maintaining meter records should also apply to iGTs. Ofgem sought industry views on this issue.
- 3.5 Responses from industry were evenly balanced. Six respondents considered that licence amendments associated with the RGMA Baseline should not be extended, at this stage, as such a move would be unnecessary and inappropriate.

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http://www.ofgem.gov.uk/ofgem/work/index.jsp?section=/areasofwork/meteringrgma&levelids=,1_6765#top6765

Indeed, two respondents cited that no preparatory work had been undertaken to put the required provisions in place.

- 3.6 However, six respondents considered that the licence amendments should apply to all gas transporters. They perceived that the development of gas metering competition depended on the support of the whole industry and that it would be important for iGTs to be part of this process from the outset. Of these, one respondent also considered that customers on iGT networks should not receive any lesser protection from their metering service provider than customers that take metering services from Transco.

Primes & Sub-deduct meters/Unique sites

- 3.7 In the December document Ofgem noted that, as a result of earlier industry decisions, the RGMA Baseline will not apply, at the time of implementation, to primes & sub-deduct meters (meter configurations where the primary meter provides a reading which constitutes the basis of charges for all gas supplied to a particular site i.e. in some landlord/tenant applications) and unique sites (meter installations outside the competitive arrangements due to extraordinary technical, design and operational constraints). It was anticipated that the RGMA Baseline will be extended to cover these sites after a specified period of time. Until then they would continue to be supported by Transco's Network Code.
- 3.8 In the April document, Ofgem considered the most appropriate means by which such sites could be excluded from the proposed licence amendments during this interim period. Ofgem put forward two options. The first would provide for an explicit exclusion to be made within each proposed amendment while the second would make no explicit exclusion but provide an *"industry open letter"* to all licence holders stating that, in line with earlier industry decisions, such meter configurations would continue to be provided under existing Network Code provisions for an interim period.
- 3.9 Many respondents supported the use of an *"industry open letter"* on the basis that the gas metering industry was sufficiently familiar with these issues for such a letter to provide adequate comfort. Transco also commented that such a letter could provide the means by which the Authority would consent, as provided by SLC 39 of Transco's gas transporter's licence, for Transco to disclose and use specific information in the delivery of these services during this interim period.

3.10 However, a number of respondents did not consider such an approach would be sufficient to allay concerns and expressed a preference for a type of formal derogation. Six respondents also expressed concern that the length of the transitional period, defined as eight months in the April document, would not be sufficient to implement system changes necessary to ensure all processes were in place to accommodate primes and sub-deduct meters and unique sites.

Final Proposed Licence Amendments

3.11 A number of amendments to SLCs were proposed in the April document. These related mainly to the changing roles and associated duties of gas transporters, shippers and suppliers as a result of the implementation of the RGMA Baseline and the system separation of Transco's transportation and metering businesses.

3.12 The responses received regarding amendments to the standard licence conditions are summarised below and arranged in respect of each proposal put forward.

Separation of Transportation and Metering

3.13 Ofgem sought views on whether it would aid competition in the provision of gas metering services to:-

- ◆ not amend Amended SLC1 of the gas transporter's licence or Amended SLC1 of Transco's gas transporter's licence as the definition of transportation business already excludes metering activities unless explicitly described to the contrary;
- ◆ amend SLC 39 of Transco's gas transporter's licence so that no information relating to, or derived from, Transco's transportation business is disclosed for the benefit of its metering business and its metering reading business or is used for the purposes of any trading business conducted by the licensee, its metering business and its metering reading business.

3.14 Four respondents supported the continued use of the existing definition of "*transportation business*" considering that it would be sufficient to exclude any reference to Transco's metering business. However, of these respondents, one remained of the view that Transco's business separation should be made more

explicit and should therefore be re-defined. A further two respondents perceived that the definition was not sufficient to illustrate the divestment of Transco's business and, as such, may be subject to future challenge.

- 3.15 In general, respondents were supportive of the proposal to place restrictions on the disclosure of information between Transco's business entities subsequent to their separation, stating that it would help to remove any perceived preferential treatment by Transco in relation to its affiliated metering business. However, two respondents expressed concern that unnecessarily tight restrictions on information disclosure may create problems with respect to transitional arrangements already identified by the industry.
- 3.16 In relation to iGTs, six respondents argued that licence amendments to support the separation of transportation and metering should not be applied to all transporters as it would be unnecessarily onerous and would cause them to incur significant costs. Of these respondents, two perceived that the arguments for separation only applied to Transco while a further respondent considered that separation should be required only in cases where an iGT obtained a dominant position.
- 3.17 In contrast, one respondent considered that all iGTs are monopolies and should therefore comply with restrictions on the sharing of information. A further four respondents felt that iGTs should be required to separate their transportation and metering activities once their businesses had reached a predetermined size.

Enhancing Supplier responsibility

- 3.18 Ofgem invited views on whether it would aid competition in the provision of gas metering services to:-
- ◆ amend SLC 34 of the gas supplier's licence to ensure that where a domestic customer hands over a meter the supplier shall inform the transporter directly, rather than through the shipper, and retain that meter for a period of one month;
 - ◆ amend SLC 37 of the gas supplier's licence to ensure, where reasonably practicable and appropriate, that the supplier shall request the transporter directly, rather than through the shipper, to reposition a gas meter for persons of pensionable age, disabled or chronically sick;

- ◆ amend SLC 11 of the gas shipper's licence to remove the obligation on a gas shipper, at the request of a gas supplier, to request the gas transporter to provide and install a domestic gas meter;
- ◆ amend SLC 8 of Transco's gas transporter's licence to require Transco to comply with any reasonable request by a relevant supplier, rather than a shipper, to provide and install a domestic meter subject to a meter of that type being reasonably available and the supplier agreeing to pay the associated meter charges;
- ◆ amend SLC 17 of Transco's gas transporter's licence to require Transco, so far as reasonably practicable and appropriate to do so, to comply with a request by a relevant supplier, rather than a shipper, to reposition a gas meter for persons of pensionable age, disabled or chronically sick;
- ◆ amend SpLC 23 of Transco's gas transporter's licence to require Transco to attend requests from suppliers, rather than shippers, in relation to the provision and installation of domestic meters, metering services and meter reading services.

3.19 Respondents were generally supportive of the principle of the supplier "hub" and perceived that it would be logical to reflect the amendment of associated information flows in the relevant licence conditions.

3.20 However, one respondent perceived that the principle of the supplier 'hub' reflected in the licences was not aligned with the RGMA Baseline and had concerns that this may serve to cause confusion.

3.21 With regard to the extension of these provisions to iGTs, three respondents were of the opinion that, although in practice removal of the shipper from relevant processes would have little effect, in principle, the necessary contractual and billing arrangements do not exist to support such an arrangement. They argued that substantial cost and consideration would be necessary to establish the relevant framework and therefore, at this stage, the role of the shipper should be retained.

3.22 In contrast, three respondents considered that the provisions should be applied to all iGTs from the outset in order to enable the competitive market to develop effectively. Of these, one considered that all transporters should be required to

comply with the provisions of the supplier 'hub' otherwise the system would be complicated as it would require suppliers and shippers to operate two processes, one for Transco and another for iGTs.

Provision of metering services “on reasonable terms”

3.23 Ofgem sought views on whether it would aid competition in the provision of gas metering services to:-

- ◆ amend SpLC 23 of Transco’s gas transporter’s licence to place a duty on Transco to develop and maintain its metering business and meter reading business such that it can provide metering services and meter reading services on reasonable terms;
- ◆ provide guidance on the principles that Ofgem would apply, if approached, in determining whether Transco’s metering services have been developed and maintained “on reasonable terms”;
- ◆ not pursue the initial suggestion of including a reference to Ofgem within the suite of metering contracts between Transco and suppliers to provide for a dispute to be referred to Ofgem for a decision.

3.24 Many respondents were broadly supportive of these proposals as they were seen to provide a degree of protection for suppliers from the dominant position that Transco would continue to occupy in the gas metering services market. Respondents also welcomed the publication of a guidance document which, they anticipated, would provide clarity on the circumstances in which a “reasonableness” condition would be applied.

3.25 Transco expressed support for the proposal in principle but took the view that the draft licence text extended the existing requirement far beyond its current scope and requested that the obligation be redefined to achieve, what they saw, as the original policy intention. In essence, Transco felt that reference to the duty to “develop and maintain metering services on reasonable terms” should be refocused to require it to “provide metering services on reasonable terms”.

3.26 In addition, a number of suppliers remained concerned that this structure would provide Transco with a “right of veto” over future changes to the RGMA Baseline. In the absence of a reference in the suite of metering contracts

allowing for a dispute to be referred to Ofgem for decision, they considered that Transco would retain the facility to veto any changes to the Baseline requested by the industry. It was in this context that a number of suppliers wrote to Ofgem on 16 April 2004 seeking urgent support in arbitrating a way forward to allow the final metering contracts between Transco and suppliers to be issued for signature.

- 3.27 In relation to iGTs three respondents considered that extending the application of this proposal to apply to them would be inappropriate. Of these, one had concerns that if the prices of iGTs were increased to accommodate the costs of providing improved services, then new entrants may swap out their meters. A further respondent considered that in the markets in which iGTs operate there is little opportunity for abuse and therefore a reasonableness provision would be unnecessary.
- 3.28 By contrast one respondent perceived that all transporters should be subject to the same obligations as regards the development and maintenance of metering services *'on reasonable terms'*.

Gas Meter Asset Manager's Code of Practice

- 3.29 Ofgem sought views on whether it would aid competition in the provision of gas metering services to:-
- ◆ amend SLC 8 of Transco's gas transporter's licence to oblige Transco, as a gas transporter, to provide and install a meter at a domestic premises at the request of a gas supplier by using an approved MAM;
 - ◆ amend SLC 34 of the gas supplier's licence to require a gas supplier to arrange for the provision of a meter at a domestic premises by using an approved MAM;
 - ◆ retain the existing provisions within SLC 34 of the gas supplier's licence and SLC 8 of the gas transporter's licence which requires a gas supplier to ensure that any connection they arrange, or agree to supply, is installed or inspected by an OAMI;
 - ◆ publish, in the near future, its conclusions on the Technical Issues subgroup's proposal for MAMCoP governance and MAM accreditation to

allow any necessary work to be initiated in the period before RGMA implementation.

- 3.30 In general, respondents were supportive of these proposals on the basis that they would help underpin technical and safety standards. Although, a number only provided conditional support on the basis that the final version of the MAMCoP had not been published at the time of the consultation.
- 3.31 Two respondents considered that it was important to extend these provisions to iGTs as they perceived that it would not be overly onerous for them to comply with the provisions of the MAMCoP and would help ensure technical and safety standards were maintained.
- 3.32 A further respondent was of the view that suppliers and transporters should arrange for the provision of meters in both the domestic and I&C markets by using an approved MAM.

The gas transporter's role in keeping and maintaining meter records

- 3.33 Ofgem invited views on whether it would aid competition in the provision of gas metering services to:-
- ◆ not amend SLC 8 of Transco's gas transporter's licence to ensure that Transco records details of meters owned by it which are disconnected from its pipe line system;
 - ◆ amend SLC 16 of the gas supplier's licence to ensure that where a gas meter owned by the supplier is disconnected or returned to that supplier then they record and retain details of such meters for a period of not less than 2 years.
- 3.34 Responses received were generally in favour of the implementation of an obligation to require both Transco and suppliers to maintain records of meters that are connected to, or disconnected from, the gas network. Respondents were also satisfied that the existing provisions within Transco's licence were sufficient to require it to maintain the relevant records and considered that the retention of information by suppliers would provide an alternative repository of information.
- 3.35 However, one respondent perceived that although the existing conditions in Transco's licence were sufficient to require it to maintain relevant meter records,

the implementation of a further licence condition in relation to the maintenance of accurate meter records would place a stronger obligation on Transco. A further two respondents requested clarification regarding the definition of the term “owner” in the draft suppliers’ licence and, in particular, whether it referred to the physical owner of the meter or the Gas Act Owner.

- 3.36 In relation to iGTs, one respondent considered that they should comply with the requirement to maintain meter records although, in contrast, another respondent had concerns regarding the recovery of costs associated with this activity.

Flexibility in Transco’s metering price control

- 3.37 Ofgem invited views on whether it would aid competition in the provision of gas metering services to amend SpLC 31 of Transco’s gas transporter’s licence to allow Transco to depart from its published statement of charges in consequence of a supplier, rather than a shipper, having unbundled part of its metering portfolio or where it considers such a departure is necessary to allow it to develop and maintain its metering business on reasonable terms. In either circumstance Transco would be required apply in writing to the Authority specifying why such flexibility was required and this would only be granted at the Authority’s discretion.
- 3.38 Respondents were generally supportive of the proposal although some considered that a formal consultation exercise should be undertaken before the Authority permitted Transco to depart from its published charges.

4. Final Licence Amendments

Overview

- 4.1 The purpose of this Chapter is to outline Ofgem's final decisions on a number of minor amendments to conditions in the licences of gas transporters, shippers and suppliers, some minor amendments to amended SLCs of Transco's gas transporter's licence as well as two Transco SpLCs.

Final Licence Amendments

- 4.2 A number of amendments to licence conditions were proposed in the April document and met with varying response from the industry. This Chapter will look, in turn, at each of the proposals and set out the revised form that the licence amendments will take. The supporting Section 23 Notices are provided in Appendices 1-4 with corresponding licence text in Appendix 5.

Role of iGTs

- 4.3 In the December document Ofgem's initial view was that proposed licence amendments to support the implementation of the RGMA Baseline and Transco's business separation should be effected through modifications to SLCs of the gas transporter's licence. This view prompted a number of respondents to raise concerns with respect to the extent to which all, or any, of the specific proposals should apply to iGTs. For example, some respondents took the view that the proposed amendment to the definition of "*transportation business*" to redefine transportation and metering activity would be unnecessarily onerous on iGTs particularly if this also meant that they were required, like Transco, to separate their transportation and metering businesses.
- 4.4 In recognition of these concerns, the licence amendments proposed in the April document were drafted on the basis that they would only apply to shippers, suppliers and Transco, in its role as a gas transporter. However, Ofgem remained of the view that careful consideration needed to be given to whether a number of the proposals, such as those relating to enhancing supplier responsibility, the provision of metering services "*on reasonable terms*", the MAMCoP and the transporter's role in keeping and maintaining meter records should also apply to iGTs. Industry views were sought.

- 4.5 The industry was evenly balanced on this issue. In these circumstances, Ofgem take the view that although there could be merit in applying many of the licence amendments to iGTs it is important, at this point in the implementation process, to consider the practicalities of iGTs undertaking the necessary preparatory work, such as modifying their Network Code's and drafting supporting metering contracts in the short time remaining. Ofgem also note that, to date, only approximately 0.5% of customers are on iGT networks
- 4.6 In this context, Ofgem has decided, as a general principle, that none of the proposed licence amendments (except that relating to the MAMCoP) will be applied to iGTs. However, the appropriateness of extending these amendments to iGTs will need to be kept under active review in light of the live operation of the RGMA Baseline as the case for integrating iGTs into the industry-wide business processes and dataflows remains strong. The specific proposals are considered individually later in this Chapter.

Prime & Sub-deduct meters/Unique sites

- 4.7 In the April document Ofgem outlined the need, in the light of earlier industry decisions, to exclude primes & sub-deduct meters and unique sites from the scope of the RGMA Baseline either through providing an explicit exclusion within each licence amendment or by sending an "*industry open letter*" which aimed to provide a comparable level of comfort.
- 4.8 In light of the favourable responses to the latter proposal, and notwithstanding that it would not have formal legal status, Ofgem intend to issue an "*industry open letter*" in the period immediately before RGMA implementation stating that the final licence amendments would not apply to primes and sub-deduct meters and unique sites.
- 4.9 Ofgem remain of the view that these meter configurations should be brought within the scope of the RGMA Baseline as soon as possible but acknowledge that the necessary preparatory work will need to be undertaken in the context of other priorities in the period following RGMA implementation. In light of this Ofgem have not identified a specific time limit for the migration of such sites into the RGMA Baseline but will be actively monitoring the situation to ascertain, with the industry, the optimal time for this work to be undertaken.

4.10 The means by which Transco's transportation and metering businesses support these meter configurations during the transitional period are discussed in paragraphs 4.12 to 4.22.

4.11 ***In conclusion, Ofgem have decided to issue an "industry open letter" to all industry licence holders immediately before RGMA implementation stating that, in line with earlier industry decisions, prime and sub-deduct meters and unique sites will be excluded from amendments to the existing licence regime and will therefore continue to be provided under existing Network Code provisions.***

Separation of transportation and metering

4.12 In the December document Ofgem took the initial view that there was a clear need, because of emerging competition in the provision of gas metering services, to amend the definition of transportation and metering within the provisions of the gas transporter's licence to formalise Transco's operational and system separation. This view was consistent with the conclusions reached from an Ofgem investigation into a complaint made by a third party into Transco's level of performance in the provision of gas metering information.

4.13 In the April document Ofgem considered further the need to amend Transco's gas transporter's licence so that the definition of transportation business excluded metering activities. After careful consideration, Ofgem concluded that the existing definition of transportation business as set out in amended SLC 1 of Transco's gas transporter's licence already excludes Transco's metering activities. This is evidenced by, among other things, particular licence conditions which expressly include metering.

4.14 During consultation respondents were generally supportive of this conclusion, although three were of the opinion that the transportation business should be re-defined to make Transco's formal separation more explicit. Ofgem has given further consideration to this issue and has concluded that the existing definition incorporated within Transco's gas transporters licence is sufficient to exclude Transco's metering activities from its transportation business.

4.15 Nevertheless, Ofgem continued to propose to amend SLC 39 of Transco's gas transporter's licence to formalise Transco's planned operational and system

separation. Ofgem took the view that this would provide greater clarity regarding restrictions on the use of certain information and the independence of the transportation business to support the formal separation of Transco's transportation and metering activities. Ofgem considered that such an amendment would be underpinned by the provision of a compliance statement submitted to the Authority on a regular basis in accordance with the existing provisions of SLC 40 of Transco's gas transporter's licence. This requires Transco to employ a compliance officer for the purpose of facilitating consistency with SLC 39.

4.16 In responses submitted during the consultation period, concerns were expressed that the restrictions on information passed between Transco's transportation and metering businesses may serve to restrict the flow of legitimate data between the two entities, especially during the transitional period, following the implementation of the RGMA Baseline. In particular, Transco considered that it would be necessary for its transportation and metering business to continue to be able to flow some specific information between each other for a permitted purpose, and for a specified period, to allow the gas metering services market to continue to operate. In light of industry discussion during the RGMA implementation process such a derogation is required for the following functions:-

- ◆ Primes and Sub-deducts meters/Unique Sites – as has been mentioned earlier, the industry has already agreed that because of the technical complexity of these particular meter configurations they should, in the short-term, remain the responsibility of Transco, in its role as a gas transporter. However, Transco's wholly owned subsidiary, Transco Metering, will continue to manage processes to update data in Transco's Sites and Meters Database. At this stage it has been anticipated that such access will last for a period up to 11 July 2005;
- ◆ Daily Meter (DM) reading services – Transco Metering is currently responsible for the provision of DM reading services for Transco, in its role as a gas transporter. To allow the continued provision of this service it is essential that Transco Metering has access to UK Link to ensure that Transco performs within the Network Code service standards. Transco Metering will also require access to Conquest in order to manage

queries in this area. Transco Metering provides both these services to Transco under the terms of a service provider contract. It is anticipated that access to such systems will be required as long as this contract is in place. At this stage it has been anticipated that such access will last for a period up to 31 July 2007;

- ◆ Siteworks – It is estimated that around 10,000 metering siteworks jobs will not have been processed and completed at the time of cutover to the RGMA Baseline. In these specific circumstances, it will be necessary to retain the link between Transco's Sites & Meters Database and Transco Metering systems to allow queries and exceptions resulting from these jobs to be processed. It is anticipated that such system access, for this specific purpose, will be required up to 30 June 2005;
- ◆ Queries – It was originally envisaged that, following the implementation of the RGMA Baseline, Transco Metering would only deal with metering queries with transportation queries re-directed toward Transco, in its role as a gas transporter. However, a number of suppliers have expressed concern with this approach, particularly where the query relates to a discrepancy that took place prior to RGMA implementation. They consider that Transco should provide a co-ordinated response to such specific queries. In these circumstances, it has been agreed that a limited number of Transco Metering staff should retain access to Transco's Sites & Meters Database. It is anticipated that access for this specific purpose will be required up to 30 June 2005;
- ◆ Query resolution – At present, Transco resolve approximately 60% of metering queries by reference to old records contained in their Sites & Meters Database. In the medium term following RGMA implementation, Transco Metering will resolve metering queries by accessing their Rainbow system. However, in the period immediately following cutover, much of the information Transco Metering will require to resolve a query will continue to reside in the Sites & Meters Database. In such circumstances it could be possible for Transco Metering to resolve the query through a site visit but this would incur additional costs and cause inconvenience for consumers. In these circumstances, Ofgem consider it appropriate to allow Transco

Metering, for this specific purpose, access to the Sites & Meters database for a period up to 30 June 2005;

- 4.17 Ofgem recognise the issues raised but would be concerned, however, if such transitional information flows compromised Transco's ability to comply with SLC 4D of its gas transporter's licence which provides that Transco conduct its transportation business in the manner best calculated to secure that neither Transco, any related affiliate or undertaking, or any gas shipper or gas supplier, obtains any unfair commercial advantage.
- 4.18 Subject to the outcome of the consultation process, Ofgem intends to issue a letter to all industry licence holders confirming the individual licence amendments that will come into force and would expect to receive a letter from Transco at this time seeking formal consent under SLC 39 (2) of its gas transporter's licence. This formal consent would allow the disclosure of information between its transportation and metering business for permitted purposes. At this point in the process Ofgem would have gained assurance that the licence amendments will be implemented and it will be necessary to grant consent to Transco in order that interim measures can be implemented concurrently with the RGMA Baseline on 12 July 2004.
- 4.19 Transco also raised a concern in its consultation response, that the definition of Metering Business, as currently drafted in SLC 39 (1), does not encompass the correct range of services that Transco metering will be responsible for providing subsequent to the implementation of the RGMA Baseline.
- 4.20 The definition of "*Metering Business*" included in SLC 1 of Transco's gas transporters licence, makes reference to a range of functions that the metering services provider would be responsible for carrying out in relation to the "*Metering Equipment*". "*Metering Equipment*" is defined in relation to the definition of Supply Meter Installation included in the Network Code "*as at 1 April 1997*". However, this definition of Supply Meter Installation incorporates the services associated with DM reading and, following RGMA implementation, these functions will continue to be the responsibility of Transco, in its role as a gas transporter.
- 4.21 In order that Transco's Metering business is accurately defined a new term has been included in SLC 39 1 (a) and (b) which is referred to as "*Meter-Related*"

Services Business". This term is defined in SLC 39 (9) by reference to paragraph 1A of Amended SLC 1 of Transco's gas transporter's licence and means activities associated with the provision and maintenance "of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc as at the date this paragraph 1A has effect". Linking the definition of Meter-Related Services Business to Section M, paragraph 1.2 of this version of the Network Code excludes any reference to DM reading equipment as modifications to be incorporated within the Network code, in line with RGMA implementation, will remove any reference to these services.

4.22 ***In conclusion, Ofgem have decided to:-***

- ◆ ***amend SLC 39 of Transco's gas transporter's licence to prevent information relating to, or derived from, Transco's transportation business being disclosed for the benefit of its meter-related services business and its metering reading business or used for the purposes of any trading business conducted by the licensee, its meter-related services business and its metering reading business;***
- ◆ ***expect Transco to seek the Authority's formal consent under SLC 39 (2) of Transco's gas transporter's licence to allow information relating to the provision of primes and sub-deduct meters/unique sites, daily meter reading services, siteworks, queries and query resolution to flow between Transco's transportation and metering businesses to facilitate interim arrangements for a specified time limit;***
- ◆ ***not amend, at this stage, SLCs of the gas transporters' licence, other than Transco's, to restrict information flows between their transportation and metering activity.***

Enhancing Supplier responsibility

4.23 Ofgem noted, in the December document, that a key principle of the RGMA Baseline is that gas suppliers will be at the "hub" of gas metering arrangements. They will therefore be responsible for contracting with a number of metering service providers for the provision of gas metering services.

4.24 In accordance with the supplier "hub" principle, a number of licence amendments were proposed in the April document which would serve to

remove the shipper from metering information flows directed between Transco and the relevant supplier. In light of responses, which were generally favourable, Ofgem intend to implement the relevant amendments to support these proposals.

- 4.25 In the April document Ofgem also consulted on the possibility of extending the principle of the supplier “hub” to all iGTs. However, in light of the responses this would appear inappropriate. Although in principle information flows between iGTs and the relevant suppliers could operate in much the same way as provided by the supplier “hub”, in practice the necessary contractual arrangements to support these flows are not yet in place. The regulatory framework only includes a requirement on shippers, and not suppliers, to provide information to relevant iGTs. Although the majority of suppliers who contract with iGTs also hold a shipper’s licence, it would be necessary to implement a contractual, rather than a Network Code, relationship between these two parties to support such direct information flows. Such preparatory work will be time-consuming.
- 4.26 Ofgem is persuaded that, at this stage, it would be inappropriate to apply such provisions to iGTs. In light of this it has been necessary to refine the original proposed amendment to SLC 11 of the shippers’ licence and SLCs 34 and 37 of the gas supplier’s licence so that the gas shipper is only obliged to pass on a request for the provision and installation of a domestic gas meter from a gas supplier to a gas transporter (where the gas transporter is not Transco).
- 4.27 However, the appropriateness of extending the amendments to iGTs will need to be kept under active review in light of the live operation of the RGMA Baseline as the case for integrating iGTs into the industry-wide business processes and dataflows remains strong.
- 4.28 ***Ofgem have therefore decided to:-***
- ◆ ***amend SLC 34 of the gas supplier’s licence to ensure that where a domestic customer hands over a meter owned by the relevant transporter the supplier shall inform that transporter, via the relevant shipper,(or where the relevant transporter is Transco, direct) and retain that meter for a period of one month;***

- ◆ *amend SLC 37 of the gas supplier’s licence to ensure, where reasonably practicable and appropriate, that the supplier shall request, via the relevant shipper, to the relevant transporter (or where the relevant transporter is Transco, direct), to reposition a gas meter for persons of pensionable age, disabled or chronically sick;*
- ◆ *amend SLC 11 of the gas shippers’ licence to specify that the gas shipper will not be required to pass on a request for the provision and installation of a domestic gas meter from a gas supplier to a gas transporter (where the relevant gas transporter is Transco);*
- ◆ *amend SLC 8 of Transco’s gas transporter’s licence to require Transco to comply with any reasonable request by a relevant supplier, rather than a shipper, to provide and install a domestic meter subject to a meter of that type being reasonably available and the supplier agreeing to pay the associated meter charges;*
- ◆ *amend SLC 17 of Transco’s gas transporter’s licence to require Transco, so far as reasonably practicable and appropriate to do so, to comply with a request by a relevant supplier, rather than a shipper, to reposition a gas meter for persons of pensionable age, disabled or chronically sick;*
- ◆ *amend SpLC 23 of Transco’s gas transporter’s licence to require Transco to attend requests from suppliers, rather than shippers, in relation to the provision and installation of domestic meters, metering services and meter reading services.*
- ◆ *not to apply these amendments to iGTs. Although Ofgem recognises that there would be some merit in applying the principles of this proposal to iGTs, it acknowledges that the necessary adjustments to their supporting business processes and systems need careful consideration and, in any event, would not be in place in time for the implementation of the RGMA Baseline.*

Provision of metering services “on reasonable terms”

4.29 In the December document, Ofgem noted the importance of ensuring that market participants comply with the ongoing requirements of the RGMA

Baseline. As such, Ofgem acknowledge that until effective competition in the provision of gas metering services develops it will need to assume a defined role in resolving issues that arise between Transco, as the incumbent provider of metering services, and gas suppliers, in relation to the development of the RGMA Baseline. As such, it proposed to amend Transco's gas transporter's licence to include a provision requiring Transco to offer gas metering services to suppliers "*on reasonable terms*".

- 4.30 The "*reasonableness*" proposal and supporting draft licence text was put forward for consultation in the April document and respondents were generally in favour of the inclusion of a provision which would help to protect suppliers and consumers from Transco's dominant position. They also welcomed the publication of guidance on this issue.
- 4.31 However, a number of suppliers took the view that the structure of the regulatory framework would continue to allow Transco a "*right of veto*" over future changes to the RGMA Baseline. It was in this context that a number of suppliers wrote to Ofgem on 16 April 2004 seeking urgent support in arbitrating a way forward to allow the final contracts to be issued for signature.
- 4.32 Ofgem, in its reply of 6 May 2004, emphasised the importance of ensuring that market participants comply with the requirements of the RGMA Baseline as well as ensuring that customers and suppliers are provided with a degree of protection, given the dominant position that Transco occupies within the gas metering services market. As such, Ofgem emphasised the importance of creating a mechanism which allowed for the escalation of unresolved issues between Transco and suppliers. Ofgem concluded that the combined effect of Transco's ability to refuse a change, along with the proposed effect of a "*reasonableness*" provision in Transco's gas transporter's licence, created such a mechanism. This would ensure that no single party can unreasonably stop any appropriate changes to the RGMA Baseline in the period following implementation without running the risk that the issue would itself be referred to Ofgem.
- 4.33 Since the publication of the April document and in light of industry responses, Ofgem has refined the final licence text to reflect more accurately the intention of the proposed reasonableness condition.

- 4.34 During consultation Transco expressed concern that, in comparison with the explanation of the reasonableness condition provided in the consultation document, the draft licence text, as originally worded, placed a heightened obligation on Transco's metering business. It felt that the that the requirement to "*develop and maintain metering services on reasonable terms*" implied an extension of its obligation beyond the provision of a metering service which would adapt to the changing nature of the competitive gas metering market by allowing associated changes to the RGMA Baseline. Transco considered that retention of the current wording may place them under an obligation to comply with requests from suppliers regarding improved levels of service provision that are unrelated to the development of the competitive gas metering market. Therefore, Transco perceived that the reasonableness obligation should simply require Transco to provide metering services 'on reasonable terms'.
- 4.35 Ofgem recognise that the suggested amendment proposed by Transco would more closely reflect the policy initiative that Ofgem intended to achieve in pursuing the implementation of a reasonableness provision. Ofgem consider that modification of the current draft licence text in this regard would allow the retention of a sufficient degree of protection for suppliers from the dominant position that Transco occupies whilst also reducing the regulatory burden upon Transco. Ofgem is also of the opinion that incorporating this wording into the licence text would provide assurance that Transco will consider the suitability of changes to the RGMA Baseline to reflect the development of the competitive gas metering market. Therefore, Ofgem intend to amend the draft licence text in this regard to ensure that Transco is required to provide metering services "*on reasonable terms*".
- 4.36 However, Ofgem will monitor the effectiveness of the licence condition and, if necessary, will consider proposing an appropriate alternative.
- 4.37 Finally, in the April document Ofgem sought industry views regarding on whether iGTs should also be required to develop and maintain their metering businesses on reasonable terms. Respondents were generally unsupportive of this proposal considering that both the position that iGTs occupy within the market and their relative size compared with Transco does not provide them with significant opportunities for abuse. Ofgem recognise that the introduction of a reasonableness condition within the gas transporter's licence was originally

proposed in order to protect suppliers and consumers from the dominant position that Transco occupies and therefore, following further consideration, conclude that it would be inappropriate, at this stage, to extend this provision to iGTs.

4.38 Ofgem consider, however, that there would be merit in offering a steer, in the form of an industry guidance document, on the criteria that Ofgem would apply in determining whether Transco has met its obligation to develop and maintain its metering business *'on reasonable terms'*. Ofgem intend to publish guidance on this and other gas metering licence conditions very soon after RGMA implementation.

4.39 ***In conclusion Ofgem have decided to:-***

- ◆ ***amend SpLC 23 of Transco's gas transporter's licence to place a duty on Transco to develop and maintain its metering business such that it can provide metering services on reasonable terms;***
- ◆ ***not amend, at this stage, the SLCs of the gas transporter's licence to place on a gas transporter, other than Transco, to develop and maintain its metering business so that it can provide metering services on reasonable terms;***
- ◆ ***provide guidance on the principles that Ofgem would apply, if approached, in determining whether Transco's metering services have been developed and maintained on reasonable terms.***

Gas Meter Asset Manager's Code of Practice (MAMCoP)

4.40 Ofgem noted, in the December document, that a key consideration of the RGMA Baseline has been to ensure that any technical and safety issues have been effectively assessed and addressed. That was why, in January 2002, Ofgem established a Technical Issues sub-group (TISG) comprising representatives from industry parties to review the technical integrity of the RGMA Baseline. It was in this context that TISG has developed and published a MAMCoP to bring together all relevant technical documentation and legal requirements covering the life cycle of a gas meter installation.

- 4.41 In the April document Ofgem proposed to amend the gas suppliers' and gas transporters' licence to ensure that compliance to the final MAMCoP, in relation to domestic customers, was assured. This was seen as means of ensuring that the emergence of competition and the exercising of choice in gas metering services would not result in a diminution of gas safety standards. In addition, Ofgem indicated that it would be circulating in the near future, its conclusions on TISG's proposals for ongoing MAMCoP governance and MAM accreditation to allow any necessary work to be initiated in the period before RGMA implementation.
- 4.42 Since the publication of April document, Ofgem circulated to the industry, on 13 May 2004, a report commissioned from the Institution of Gas Engineers and Managers (IGEM) on the risks associated with the introduction of competition in the provision of gas metering services. Although IGEM concluded that, on balance, risks had increased as a result of the RGMA project they acknowledged the major players involved in the competitive metering services market had provided detailed evidence of important controls they had already put in place to manage the risks involved. In this regard, IGEM made a number of specific recommendations that they considered would serve to reduce risk further. These included making the MAMCoP mandatory in law, appointing an organisation to manage and to maintain the MAMCoP and establishing a MAM registration scheme to provide for the auditing of MAM's activities including training and siteworks.

Licence obligations

- 4.43 Ofgem remain of the view that it is important to ensure the MAMCoP is supported by all industry participants operating in the emerging market in the provision of gas metering services. In this regard, Ofgem have decided to amend SLC 8 of the gas transporter's licence to oblige a gas transporter, to provide and install a meter at a domestic premise at the request of a gas supplier by using an approved MAM (i.e. a MAM who has signed the MAMCoP). Ofgem consider that this provision should apply to all gas transporters and not just Transco thereby helping ensure that industry's technical and safety standards are maintained.
- 4.44 However, Transco raised a concern in its consultation response that in the draft licence text a MAM was defined as a person approved by the Authority to provide "*Metering Services*" and that, as currently drafted, this did not

encompass the correct range of services that MAMs will be responsible for providing.

- 4.45 The existing drafting defines a MAM by reference to the definition of *"Metering Services"* included in Amended SLC 1 of Transco's gas transporter's licence. This definition makes reference to a range of functions that the metering services provider would be responsible for carrying out in relation to Metering Equipment. *"Metering Equipment"* is defined in relation to the definition of *Supply Meter Installation* included in the Network Code *"as at 1 April 1997"*. However, this definition of incorporates services associated with DM reading. These functions are not carried out by MAMs and subsequent to RGMA implementation, will not be the responsibility of Transco's Metering either.
- 4.46 In order that the definition of a MAM is accurate, a new term has been included in Amended SLC 8 1A (a) to replace the existing *"Metering Services"* and is referred to as *"Meter-Related Services"*. This term is defined, in SLC 8 1A (ii), as activities associated with the provision and maintenance *"of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network code of Transco plc as at the date this paragraph 1A has effect"*. Linking the definition of *"Meter-Related Services Business"* to Section M, paragraph 1.2 of this version of the Network Code excludes any reference to DM reading equipment as modifications to be incorporated within the Network code, in line with RGMA implementation, will remove any reference to these services.
- 4.47 Ofgem have also decided to amend SLC 34 of the gas supplier's licence to require a gas supplier to arrange for the provision of a meter at a domestic premise by using an approved MAM.
- 4.48 However, in completing the drafting of these licence amendments it became apparent it would be difficult to place a similar licence obligation on I&C suppliers as this could potentially require the introduction of a set of new conditions on such suppliers to require them, for example, to provide a meter on request at industrial or commercial premises. In effect, this would increase the scope of existing regulation in an area in which Ofgem was actually seeking to reduce regulation.

4.49 Quite clearly there is a need to ensure that gas safety and technical standards are not compromised with the emergence of gas metering competition. However, there is also a clear industry momentum to implement the RGMA Baseline as soon as possible on the basis that the industry has nearly completed an extensive exercise in the design, build and testing of systems to support this competitive environment.

4.50 In this context Ofgem consider it important that industry-wide compliance with the MAMCoP (including from the I&C supplier community) is secured by the most appropriate means possible. From informal discussions with some I&C suppliers and other industry participants a number of options have emerged. These are:-

- ◆ obtaining individual written undertakings from all I&C suppliers, before RGMA go-live, to only use MAMs who comply with the MAMCoP;
- ◆ obtaining the Gas Forum's support to introduce a requirement in the existing I&C Code of Practice to require all I&C suppliers to ensure their MAMs are signatories to the MAMCoP. Ofgem understand that such an amendment has already been proposed and would anticipate implementation before RGMA go-live;
- ◆ explore the principle of the industry raising an urgent Network Code modification, effective from RGMA go-live, which mimics the provisions of the proposed amendment to SLC 34 of the gas suppliers' licence thereby requiring I&C suppliers to only use approved MAMs. At the time of writing. Transco have submitted to Ofgem a draft modification to their Network Code upon which they asked that it be given urgent status. Ofgem has agreed to treat this modification as urgent. In these circumstances, Transco anticipate to circulate the draft modification to the industry on 10 June 2004 with representations sought by 16 June. 2004. They plan to submit a modification report to Ofgem by 21 June 2004 with an Ofgem decision anticipated by 23 June 2004;
- ◆ initiate new consultation on the principle of amending I&C supplier licences to parallel the proposed provisions within SLC 34 of the gas suppliers' licence which requires a gas supplier to arrange for the

provision of a meter at a domestic premises by using an approved MAM;
and,

- ◆ explore with relevant industry bodies such as the appropriateness and desirability, in the longer term, of placing MAMCoP compliance within the safety framework rather than the licence structure (i.e. perhaps by amending the relevant gas safety regulations and approval requirements for safety cases).

4.51 At this stage, Ofgem intend to pursue all of these options in parallel so that, subject to the conclusions from ongoing discussion with HSE, Transco and the I&C supplier community, the most appropriate solution(s) are put in place in time for RGMA implementation. However, Ofgem is of the view that, in the longer term, MAMCoP compliance would be more appropriately secured through a refinement of the existing safety framework rather than by licence amendments and other, less formal, mechanisms.

MAMCoP governance and accreditation

4.52 Because of the importance that both TISG and IGEM place on the MAMCoP, following consideration of the responses to the April document, Ofgem propose to maintain ownership of the MAMCoP.

4.53 In addition, Ofgem intend to adopt a process for ongoing review and update of the MAMCoP. As such, Ofgem is to establish, and chair, an industry MAMCoP. Management Board made up of key industry stakeholders with appropriate expertise to oversee the document's development in an emerging gas metering services market. Nominations will be sought from relevant industry stakeholders to fill places within the group. It is anticipated that the Management Board should be in place by September 2004.

4.54 Ofgem also consider it important to establish and subsequently manage a formal MAM registration scheme to ensure that any obligations covering MAMCoP compliance is being met. It is suggested that MAM's will be assessed, audited and registered by a competent and independent body contracted by Ofgem. Precedents for this model exist with other similar registration schemes in place for OAMI's, gas infrastructure providers and electricity meter operators. The audits will not be intended to include gas safety checks, as this will remain the

responsibility of CORGI, although the audit will seek evidence that MAMs are using OAMIs and other staff of appropriate competence.

- 4.55 It will important such arrangements ensure costs are reflective of the size of MAM operations and sufficient flexibility continues to exist for smaller companies to enter and compete in the emerging market.
- 4.56 Pending the appointment of a contractor for the audit and certification of MAM processes and procedures against the MAMCOP requirements, and to enable organisations to achieve immediate Ofgem MAM approval, an interim self-certification procedure will be implemented so that initial approvals can be issued. These interim approvals will last initially for no longer than 12 months and will be superseded by final approval following satisfactory audit and certification of processes and procedures by the contractor, and payment of the of the associated charges⁶.
- 4.57 To comply with the self certification procedure, it will be necessary to fulfil two key requirements. First, organisations seeking approval must submit an application letter to Ofgem specifying the types of installation for which MAM approval is required. Secondly, they must submit a statement confirming the MAM's compliance with each relevant section of the MAMCOP. Both these documents should be countersigned by a Director of the applicant organisation.
- 4.58 Conformity with this process will provide assurance that MAMs are compliant with the requirements of the MAMCoP while also allowing Ofgem to maintain a register of MAMs who are qualified to undertake work in relation to particular types of meter installation.
- 4.59 ***In conclusion, Ofgem have decided to:-***
- ◆ ***amend SLC 8 of the gas transporter's licence to oblige a gas transporter, to provide and install a meter at a domestic premises at the request of a gas supplier by using an approved MAM (i.e. a MAM working in compliance with the MAMCoP);***

⁶ The level of charges to be levied by the contractor will form part of the tender evaluation following a competitive procurement exercise to appoint an appropriate group. Charges will be controlled by Ofgem as part of the contractual arrangements.

- ◆ *amend SLC 34 of the gas supplier's licence to require a gas supplier to arrange for the provision of a meter at a domestic premises by using an approved MAM;*
- ◆ *retain the existing provisions within SLC 34 of the gas supplier's licence and SLC 8 of the gas transporter's licence which requires a gas supplier to ensure that any connection they arrange, or agree to supply, is installed or inspected by an OAMI;*
- ◆ *seek individual written undertakings from all I&C suppliers, in advance of RGMA go-live, to only use MAMs who comply with the MAMCoP;*
- ◆ *seek the Gas Forum's support to introduce a requirement in the existing I&C Code of Practice, in time for RGMA go-live, to require all I&C suppliers to ensure their MAMs are signatories to the MAMCoP;*
- ◆ *consider the urgent Network Code modification raised by Transco , which it is proposed to be effective from RGMA go-live, which mimics the provisions of the proposed amendment to SLC 34 of the gas suppliers' licence thereby requiring I&C suppliers to only use approved MAMs;*
- ◆ *seek the views of the industry on the principle of amending the I&C supplier licences to parallel the proposed provisions within SLC 34 of the gas suppliers' licence;*
- ◆ *explore the appropriateness, in the longer term, of placing MAMCoP compliance within the gas safety framework;*
- ◆ *establish, and chair, an industry-wide MAMCoP Management Board with responsibility for maintaining and updating the MAMCoP following the implementation of the RGMA project;*
- ◆ *establish and, subsequently manage, a formal MAM registration scheme in which all MAMs active in the emerging gas metering services market will be assessed, audited and registered by a competent and independent group contracted by Ofgem;*

- ◆ ***establish appropriate transitional arrangements pending the appointment of a contractor for the audit and certification of MAM processes and procedures against the MAMCOP requirements.***

The gas transporter's role in keeping and maintaining records

- 4.60 The importance of retaining details of meter records has increased with the emergence of gas metering competition and the installation of an increasing number of meters not owned by transporters. Therefore, in the December document, Ofgem proposed to place an obligation on Transco to record the final reading of all meters connected to, and disconnected from, its transportation network. However, subsequent scrutiny of the provisions indicated that existing conditions within Transco's gas transporter's licence were adequate to ensure a central repository of meter records continued to be maintained.
- 4.61 There was broad support from the industry for this proposal and, in particular, respondents were satisfied that the existing provisions within Transco's licence were sufficient to require it to maintain the relevant records.
- 4.62 In the April document, Ofgem continued to propose to amend the supplier's licence to place an obligation on suppliers to make an appropriate record of the details displayed on the register of any meter which it owns, or is owned by its MAM, and which has been disconnected and returned. Ofgem considered that this was consistent with the principles of the supplier "hub" and would provide an alternative source of meter data to support the records maintained by Transco, in its role as a gas transporter.
- 4.63 A number of respondents requested clarification regarding the definition of the term "owned" in relation to the supplier's obligation to record and retain details of meters that they own. Ofgem consider that, in line with the definition provided in SLC 1 of the supplier's licence the term "owned" encompasses gas meters physically owned by the supplier or meters that have been leased or rented from a third party.
- 4.64 The majority of respondents favoured extending this obligation to require iGTs to record and maintain records of meters that are connected to, or disconnected from, their network. However, as noted above, scrutiny of the provisions incorporated within the gas transporter's licence has highlighted that existing

provisions would be adequate to ensure a central repository of meter records continues to be maintained. As such, it is not necessary, at this stage, to amend the gas transporter's licence.

- 4.65 ***In addition, Ofgem have decided to only amend SLC 16 of the gas supplier's licence to ensure that where a gas meter owned by the supplier is disconnected or returned to that supplier then they record and retain details of such meters for a period of not less than 2 years.***

Flexibility in Transco's metering price control

- 4.66 This proposal links with the earlier proposal to amend SpLC 23 of Transco's gas transporter's licence to place a duty on Transco to develop and maintain its metering business and meter reading business such that it can provide metering services and meter reading services on reasonable terms.
- 4.67 In the December document, Ofgem sought the views of industry on whether some flexibility should be provided in Transco's gas transporter's licence with regard to the existing metering tariff caps to allow Transco to price for additional/improved metering services required by suppliers. This received broad support from the industry.
- 4.68 In the April document Ofgem indicated that it intended to pursue this proposal by including a supporting provision in SpLC 31 of Transco's gas transporter's licence. Again, respondents were broadly supportive of this proposal.
- 4.69 ***In this context and given the broad support for the proposal, Ofgem has decided to amend SpLC 31 of Transco's gas transporter's licence to allow Transco to depart from its published statement of charges where it considers such a departure is necessary to allow it to develop and maintain its metering business on reasonable terms. In such circumstances Transco would be required to write formally to the Authority specifying why such flexibility was required. This would only be granted at the Authority's discretion and may necessitate separate industry consultation.***

5. Conclusion

Introduction

- 5.1 In May 2000 Ofgem published proposals to secure effective competition in the provision of gas metering services. This led to the establishment of the RGMA project which was tasked with determining industry-wide business processes and supporting data flows to underpin competition in gas metering services, as well as the organisational separation of Transco's transportation and metering businesses. The RGMA Baseline is planned to be implemented in July 2004.
- 5.2 It was in this context that Ofgem published two consultation papers, in December 2003 and April 2004, proposing licence changes to gas transporter's, shipper's and supplier's licences to support implementation of the RGMA Baseline and the system separation of Transco's transportation and metering businesses.
- 5.3 Following consideration of the various responses to these documents, Ofgem consider that the final licence amendments, outlined in Chapter 4 and provided in Appendices 1-5, will underpin emerging competition in the provision of gas metering services as well as the changing market structure.
- 5.4 Ofgem intend to publish guidance on these final licence amendments as well as other metering licence provisions in the very near future so as provide greater regulatory certainty in this emerging market.

Interim measures

- 5.5 Although the RGMA Baseline and Transco's system separation will come into effect from a specific date it is important to recognise that Transco's transportation and metering business will need to continue to be able to flow some specific information between each other for a permitted purpose and for a specified period to allow the gas metering services market to continue to operate during this transitional period. However, Ofgem would be concerned if such transitional information flows compromised Transco's ability to comply with SLC 4D of its gas transporter's licence which provides that Transco conduct its transportation business in a manner best calculated to secure that neither

Transco, any related affiliate or undertaking, or any gas shipper or gas supplier, obtains any unfair commercial advantage.

- 5.6 As such, Ofgem expect Transco, before RGMA implementation, to seek formal consent from the Authority under SLC 39(2) of its gas transporter's licence to allow the disclosure of information between its transportation and metering business for a number of specific reasons, details of which are provided at paragraph 4.16.

Switching off (and on) the licence conditions

- 5.7 Ofgem note that the final licence amendments can only take effect subject to successful completion of parallel industry-wide RGMA implementation activity. At the time of writing the industry has just completed a twelve week external testing programme and are now in the process of beginning the final preparations for industry cutover to the RGMA Baseline which, subject to discussion at an industry-wide meeting scheduled for 25 June 2004, will be undertaken during the weekend of 10-11 July 2004 with implementation completed on 12 July 2004.
- 5.8 There is, of course, the possibility that such activity, involving the integration of a wide range of IT systems across the industry, could experience difficulties during the cutover process itself which would necessitate a deferral in implementation. In this context, it will be important to ensure that the final licence amendments, which are predicated on a successful implementation activity, are not brought into effect.
- 5.9 As such, following closure of the consultation in relation to the Section 23 Notices on 7 July 2004 and a continued successful cutover preparation, Ofgem will write to all industry licence holders confirming the individual licence amendments will come into effect on the RGMA implementation date which, it is assumed, will be 12 July 2004. The letter will also state that Ofgem will exercise its power to direct a delay in the making the licence modifications in the event that the cutover preparation experienced significant difficulties in the remaining period. If this occurred, Ofgem would write again to all industry licence holders advising them the individual licence amendments would not take effect on the original date (and, if possible, advise of a revised date) and subsequently issue the direction modifying the licence.

Conclusion

- 5.10 The final licence amendments are intended to support the implementation of RGMA and the formal separation of Transco's transportation and metering business thereby assisting in the development of a competitive gas metering market. It is intended that, subject to industry discussion on 25 June 2004 and in the absence of any problems experienced during the final phases of the RGMA project, the RGMA Baseline and the corresponding licence amendments will be implemented on 12 July 2004.
- 5.11 Amendments to the relevant licence conditions of gas suppliers, shippers and transporter licence conditions, as well as Transco's gas transporters licence have been developed on the basis of the current condition of the gas metering market. However, Ofgem will review the appropriateness of the licence amendments as competition in the gas metering market develops further, and, in particular, will be actively considering the possibility whether some, or all, of these obligations should be applied to iGTs.
- 5.12 Finally, Ofgem will be issuing guidance on all the gas metering licence conditions imminently.

Appendix 1 : Section 23 Notice – Gas Shippers’ Licence

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 (“*the Act*”) as follows:

1. The Authority propose to amend Standard Licence Condition 11 of all gas shippers licences granted, or treated as granted under Section 7A (1) (b) of the Act by inserting a new paragraph 6. Subject to this modification requests made by Transco for the provision of a meter or the repositioning of a meter will no longer go through the shipper but will be passed directly from the supplier to Transco.
2. In summary, the intended effect of the proposed modification is to support the implementation of the processes and dataflows incorporated within the Review of Gas Metering Arrangements (RGMA) Baseline. The key principles embodied within the RGMA Baseline include the separation of Transco’s business, the principle of placing the supplier at the “*hub*” of metering arrangements and the establishment of effective governance for the emerging roles within the gas metering market.
3. In December 2003 Ofgem published the document “*Competition in Gas Metering Services: Proposed Licence Amendments*”, which discussed in greater detail, the reasons behind the Authority’s intention to undertake the modifications to all gas shippers licences detailed above. Industry views were invited regarding the proposals put forward by the Authority.
4. A second document was published, in April 2004, entitled “*Competition in the Provision of Gas Metering Services: Final Proposals*”. This document discussed the implications of responses submitted during consultation for the initial proposals and set out the way forward with respect to the licence amendments that the Authority intended to pursue.
5. For the purpose of this notice relevant licence holders are all holders of a Gas shippers licence as at **12 July 2004** with the affected licence conditions in force.

6. A pro forma that relevant licence holders may wish to use in order to register a statutory objection is appended to this notice.
7. A copy of the proposed licence modifications are attached as an annex to this notice with the amendments shown in bold. Copies of the documents referred to in paragraphs four and five are available (free of charge) from the Ofgem Research and Information Centre (telephone 020 7901 7003) or from the Ofgem website (www.ofgem.gov.uk).
8. Any representations to the proposed licence modifications should be submitted to Ofgem by 7 July 2004 and addressed to: Mark Baldock, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to mark.baldock@ofgem.gov.uk. Responses will normally be published on the Ofgem website and held electronically in Ofgem's Research and Information Centre unless they are marked confidential. It would be helpful if respondents could put confidential material in appendices to their responses. In any case, statutory objections cannot be confidential.

Appendix 2 : Section 23 Notice – Gas Suppliers’ Licence

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 (“*the Act*”) as follows:

1. The Authority propose to amend a number of Standard Licence Conditions of all gas suppliers’ licences granted, or treated as granted under Section 7A (1) (a) of the Act by:
 - a. Inserting a new paragraph 16 into Amended SLC 16 to require suppliers to make an appropriate record of the details of any meter owned by them which is disconnected and returned and to keep the record for a period of 2 years.
 - b. Amending Amended SLC 34 (2) to include a reference to the obligation for a supplier to arrange for the provision of a meter through a Meter Asset Manager.
 - c. Inserting a new paragraph 2A which will define a Meter Asset Manager, in line with the amendment to SLC 34 (2).
 - d. Including a provision in SLC 34 (4) to ensure that where a domestic customer hands over to the supplier a meter owned by Transco, that supplier is required to inform Transco directly.
 - e. Incorporate a provision within 37 (2) (b) (iii) to ensure that where a supplier makes a request to Transco for the repositioning of a meter that the relevant supplier requests this service directly.
2. In summary, the intended effect of the proposed modifications is to support the implementation of the processes and dataflows incorporated within the Review of Gas Metering Arrangements (RGMA) Baseline. The key principles embodied within the RGMA Baseline include the separation of Transco’s business, the principle of placing the supplier at the “*hub*” of metering arrangements and the establishment of effective governance for the emerging roles within the gas metering market.
3. In December 2003 Ofgem published the document “*Competition in Gas Metering Services: Proposed Licence Amendments*”, which discussed in greater detail, the reasons behind the Authority’s intention to undertake the modifications to all gas

suppliers licences detailed above. Industry views were invited regarding the proposals put forward by the Authority.

4. A second document was published, in April 2004, entitled "*Competition in the Provision of Gas Metering Services: Final Proposals*". This document discussed the implications of responses submitted during consultation for the initial proposals and set out the way forward with respect to the licence amendments that the Authority intended to pursue.
5. Relevant licence holders for the purpose of this notice are all holders of a Gas Suppliers **as at 12 July 2004** with the affected licence conditions in force.
6. A pro forma that relevant licence holders may wish to use in order to register a statutory objection is appended to this notice.
7. A copy of the proposed licence modifications are attached as an annex to this notice with the amendments shown in bold. Copies of the documents referred to in paragraphs four and five are available (free of charge) from the Ofgem Research and Information Centre (telephone 020 7901 7003) or from the Ofgem website (www.ofgem.gov.uk).
8. Any representations to the proposed licence modifications should be submitted to Ofgem by 7 July 2004 and addressed to: Mark Baldock, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to mark.baldock@ofgem.gov.uk. Responses will normally be published on the Ofgem website and held electronically in Ofgem's Research and Information Centre unless they are marked confidential. It would be helpful if respondents could put confidential material in appendices to their responses. In any case, statutory objections cannot be confidential.

Appendix 3 : Section 23 Notice – Gas Transporters’ Licence

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 (“the Act”) as follows:

1. The Authority propose to amend Standard Licence Condition (SLC) 8 of all gas transporters licences treated as granted under Section 7 of the Act by inserting a reference within SLC 8 (1) to require that the transporter must arrange for the provision of a meter to a domestic customer through a Meter Asset Manager. In line with this, a new paragraph 1A should be incorporated within SLC 8 to define a Meter Asset Manager in line with the amendment to SLC 8 (1).
2. In summary, the intended effect of the proposed modification is to support the implementation of the processes and dataflows incorporated within the RGMA Baseline. The key principles embodied within the Review of Gas Metering Arrangements (RGMA) Baseline include the separation of Transco’s business, the principle of placing the supplier at the “hub” of metering arrangements and the establishment of effective governance for the emerging roles within the gas metering market.
3. In December 2003 Ofgem published the document “*Competition in Gas Metering Services: Proposed Licence Amendments*”, which discussed in greater detail, the reasons behind the Authority’s intention to undertake the changes to Transco’s SLCs and SpLCs detailed above. Industry views were invited regarding the proposals put forward by the Authority.
4. A second document was published, in April 2004, entitled “*Competition in the Provision of Gas Metering Services: Final Proposals*”. This document discussed the implications of responses submitted during consultation for the initial proposals and set out the way forward with respect to the licence amendments that the Authority intended to pursue.

5. Relevant licence holders for the purpose of this notice are all holders of a Gas transporters licence **as at 12 July 2004** with the affected licence conditions in force.
6. A pro forma that relevant licence holders may wish to use in order to register a statutory objection is appended to this notice.
7. A copy of the proposed licence modifications are attached as an annex to this notice with the amendments shown in bold. Copies of the documents referred to in paragraphs four and five are available (free of charge) from the Ofgem Research and Information Centre (telephone 020 7901 7003) or from the Ofgem website (www.ofgem.gov.uk).
8. Any representations to the proposed licence modifications should be submitted to Ofgem by 7 July 2004 and addressed to: Mark Baldock, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to mark.baldock@ofgem.gov.uk. Responses will normally be published on the Ofgem website and held electronically in Ofgem's Research and Information Centre unless they are marked confidential. It would be helpful if respondents could put confidential material in appendices to their responses. In any case, statutory objections cannot be confidential.

Appendix 4 : Section 23 Notice – Transco’s Gas Transporter’s Licence

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 (“*the Act*”) as follows:

1. The Authority propose to amend a number of Standard Licence Conditions (SLCs) of the gas transporters licence granted to Transco plc (“*Transco*”) treated as granted under Section 7 of the Act by:
 - a. Amending SLC 8 (1) to remove the shipper from the process regarding the request for a meter and require that Transco arrange for the provision of a meter to a domestic customer through a Meter Asset Manager.
 - b. Amending SLC 17 (1) to remove the shipper from the process regarding a request for the repositioning of a meter.
 - c. Removing SLC 17 (2) as it is no longer perceived relevant.
 - d. Modifying Amended SLC 39 (1) (a) and (b) to ensure that no information relating to or derived from Transco’s transportation business is disclosed or used for the benefit or purpose of its Meter-Related Services Business.
 - e. Amending Amended SLC 39 (4) to avoid any ambiguity regarding the services that the transportation business is required to provide.
 - f. Amending Amended SLC 39 (7) to require Transco to establish measures to ensure compliance with the restriction of information flows between its transportation and Meter-Related Services Business.
 - g. Including, within Amended SLC 39, a new paragraph 9 to define Meter-Related Services Business.

2. The Authority propose to amend 2 Special Licence Conditions (SpLCs) of the gas transporter’s licence granted to Transco plc (“*Transco*”) treated as granted under Section 7 of the Act by:
 - a. Amending SpLC 23 (1) to make it clear that Transco shall provide the terms upon which it shall provide metering services direct to the relevant supplier not, as previously, via the shipper.

- b. Inserting paragraph 1A into Amended SpLC 23 to require Transco to provide Metering Services on reasonable terms.
 - c. Modifying SpLC 23 (3), (4), (5) and (9) to make clear the supplier's duty in relation to the terms upon which metering services should be provided.
 - d. Amending SpLC 31 (4) to allow Transco to depart from its published statement of charges where it considers that this is necessary in order to comply with its duty to develop and maintain its metering business on reasonable terms.
3. In summary, the intended effect of the proposed modifications is to support the implementation of the processes and dataflows incorporated within the Review of Gas Metering Arrangements (RGMA) Baseline. The key principles embodied within the RGMA Baseline include the separation of Transco's business, the principle of placing the supplier at the "hub" of metering arrangements and the establishment of effective governance for the emerging roles within the gas metering market.
4. In December 2003 Ofgem published the document "*Competition in Gas Metering Services: Proposed Licence Amendments*", which discussed in greater detail, the reasons behind the Authority's intention to undertake the changes to Transco's SLCs and SpLCs detailed above. Industry views were invited regarding the proposals put forward by the Authority.
5. A second document was published, in April 2004, entitled "*Competition in the Provision of Gas Metering Services: Final Proposals*". This document discussed the implications of responses submitted during consultation for the initial proposals and set out the way forward with respect to the licence amendments that the Authority intended to pursue.
6. A copy of the proposed licence modifications are attached as an annex to this notice with the amendments shown in bold. Copies of the documents referred to in paragraphs four and five are available (free of charge) from the Ofgem Research and Information Centre (telephone 020 7901 7003) or from the Ofgem website (www.ofgem.gov.uk).

7. A pro forma that Transco, as a licensed gas transporter may wish to use in order to register a statutory objection is appended to this notice.

8. Any representations to the proposed licence modifications should be submitted to Ofgem by 7 July 2004 and addressed to: Mark Baldock, Office of Gas and Electricity Markets, 9 Millbank, London, SW1P 3GE or by email to mark.baldock@ofgem.gov.uk. Responses will normally be published on the Ofgem website and held electronically in Ofgem's Research and Information Centre unless they are marked confidential. It would be helpful if respondents could put confidential material in appendices to their responses. In any case, statutory objections cannot be confidential.

Appendix 5 : Final Licence Text

Competition in the Provision of Gas Metering
Services: Licence Amendments – Decision Document

Gas Shipper's Licence

Condition 11. Supply and Return of, and Information etc Relating to, Gas Meters

1. Subject to paragraph 2, the licensee shall, at the request of a relevant supplier (or of a gas supplier which is about to become such a supplier), request the relevant transporter to provide and install a gas meter of the kind specified by the supplier at the domestic premises in respect of which the licensee is (or is about to be) a relevant shipper.
2. The obligation in paragraph 1 shall be subject to the supplier agreeing, if the licensee so requests, to pay to the licensee the amount of any charges made by the transporter, in relation to the meter, for which the licensee may be liable.
3. Where the licensee -
 - (a) comes into possession or control of a gas meter which is owned by a gas transporter, it shall promptly inform that transporter and shall hold the meter to the transporter's order in the condition in which it was received and with the index unaltered for a period of one month; or
 - (b) obtains information that some other person has come into possession or control of such a meter, following its disconnection from a service pipe and all other pipes at premises in respect of which the licensee is (or is about to become or has, within the past six months, been) a relevant shipper, it shall promptly notify the transporter of the relevant facts.
4. The licensee shall promptly -
 - (a) at the request of a relevant supplier (or a gas supplier which has been such a supplier), transmit to the relevant transporter –

- (i) a copy of such notice of a proposed connection or disconnection of any meter as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act as has been received by the supplier or a copy of any such information as is mentioned in sub-paragraph (3) of that paragraph as has been so received; or
 - (ii) a copy of a like notice or like information which has been given to the licensee by the supplier in pursuance of paragraph 7 of standard condition 16 (Exchange of Information between Licensee and Relevant Transporter and Shipper for Operation, Development or Maintenance of Pipe-line System and Detection and Prevention of Theft) of the standard conditions of gas suppliers' licences as incorporated in that supplier's licence;
- (b) at the request of the relevant transporter, transmit to the relevant supplier a copy of such a notice of a proposed connection or disconnection of any meter as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act as has been received by the transporter or a copy of any such information as is mentioned in sub-paragraph (3) of that paragraph as has been so received;
- (c) at the request of a relevant supplier (or a gas supplier which has been, or is about to become, such a supplier) seek from the relevant transporter such information in relation to the connection or disconnection of a meter as is requested and transmit to the supplier any such information which is so obtained;
- (d) at the request of the relevant transporter -
 - (i) seek from a relevant supplier (or such a gas supplier as aforesaid) such information as aforesaid and transmit to the transporter any such information which is so obtained; or
 - (ii) if the holder of this licence is a relevant supplier (or such a gas supplier as aforesaid), transmit to the relevant transporter such information as aforesaid as the holder may possess;

- (e) at the request of a relevant supplier (or gas supplier which has been such a supplier) or relevant transporter, transmit to the transporter such information as the supplier provides in accordance with paragraph 2 or 9 of standard condition 16 (Exchange of Information between Licensee and Relevant Transporter and Shipper for Operation, Development or Maintenance of Pipe-line System and Detection and Prevention of Theft) of the standard conditions of gas suppliers' licences as incorporated in the supplier's licence;
- (f) at the request of the relevant transporter, transmit to a relevant supplier (other than the holder of this licence) any notification of that supplier, for the purposes of paragraph 1 of standard condition 17 (Reading, Inspection and Testing of Meters) of the standard conditions of gas suppliers' licences as incorporated in its licence, in respect of the intervals at which meters are to be inspected and which the transporter has furnished;
- (g) transmit to the relevant transporter any information it may have received from a relevant supplier as respects arrangements made by a customer of that supplier for the ordinary reading of the meter through which he is supplied with gas which have been accepted by that supplier;
- (h) transmit to the relevant transporter a copy of any request made by a customer of a relevant supplier that it should agree that a meter inspection be carried out by a named person chosen by the customer ("the meter inspection agent"), and of any information relating to that person, which has been given to it by that supplier in pursuance of paragraph 10(a) of standard condition 17 (Reading, Inspection and Testing of Meters) of the standard conditions of gas suppliers' licences as incorporated in the supplier's licence;
- (i) if, having transmitted to the relevant transporter a copy of such a request, the licensee is notified by the transporter that it is of the opinion that there are not reasonable grounds for believing that the agent possesses the appropriate expertise and would accurately and efficiently carry out the

relevant tasks, notify the relevant supplier that the transporter is of that opinion; and

- (j) at the request of a relevant supplier, transmit to the relevant transporter any request for the repositioning of a meter which has been forwarded to the licensee in pursuance of arrangements made by the supplier for the purposes of paragraph 2(b)(iii) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick) of the standard conditions of gas suppliers' licences as incorporated in its licence.

- 5. Where the licensee has transmitted to the relevant transporter such a request as is mentioned in paragraph 4(j), or the holder of this licence, being a relevant supplier, has transmitted to that transporter such a direct request as is mentioned in the said paragraph 2(b)(iii) of standard condition 37 (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick) as incorporated in the licence in question, the licensee shall pay the transporter any reasonable expenses incurred thereby in complying with the request.

- 6. In this condition, where the relevant transporter is Transco plc, paragraphs 1 and 2 shall not apply. In this paragraph "Transco plc" means the company (registered in England and Wales unde company registration no. 02006000) which had that name on 1 October 2001 whether or not it previously had a different name and that name is subsequently changed).

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Competition in the Provision of Gas Metering
Services: Licence Amendments – Decision Document

Gas Supplier's Licence

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Amended Condition 16. Exchange of Information Between Licensee and Relevant Transporter or Shipper for Operation, Development or Maintenance of Pipe-line System and Detection and Prevention of Theft

1. Subject to paragraphs 3 to 5, the licensee shall provide information reasonably requested by a relevant transporter either -
 - (a) for the purpose of enabling the transporter to fulfil its licence obligations to draw up plans for the safe operation, development or maintenance of its pipe-line system; or
 - (b) for the purpose of preventing or detecting the taking of a supply of gas where -
 - (i) paragraph 1 or 2 of standard condition 7 (Provision of Information Relating to Gas Illegally Taken) of the standard conditions of gas transporters' licences as incorporated in the transporter's licence, would apply or applies; or
 - (ii) paragraph 5 of that condition would apply or applies by virtue of paragraph 4 thereof.
2. Subject to paragraphs 3 and 4, the licensee shall also notify the relevant transporter, in such form and manner as it may reasonably require, of the particulars (including, so far as is reasonably practicable, a reasonable estimate of the volume or, failing that, of the amount of gas taken) of any case of which the licensee has become aware of the actual or suspected taking of a supply of gas as mentioned in paragraph 1(b) where the gas had been conveyed to premises to which the licensee supplies gas or was in the course of being so conveyed through a service pipe by which any such premises are connected to a relevant main.
3. The licensee shall be entitled to refuse to provide an item of information on the grounds that its disclosure would seriously and prejudicially affect the commercial interests of the licensee unless and until the Authority, by notice in writing given to the licensee, directs it to provide that item of information

on the ground that the provision thereof is necessary for any of the purposes mentioned in paragraph 1.

4. This condition shall not require the licensee to produce any documents or give any information which it could not be compelled to produce or to give in evidence in civil proceedings before the court.
5. Paragraph 1(a) shall not apply in respect of any gas transporter which has not established, whether in pursuance of a licence condition or otherwise, effective arrangements designed to secure that information provided in pursuance thereof is not communicated, directly or indirectly, to another gas supplier or any gas shipper.
6. Except where the holder of this licence is, in relation to the premises in question, not only the relevant supplier but also the relevant shipper, where the licensee receives, in connection with a proposed connection or disconnection of a meter, such a notice as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act or receives information in pursuance of sub-paragraph (3) of that paragraph, it shall promptly give the relevant shipper a copy thereof and furnish it with any further information relating to the meter which is requested by that shipper and which the licensee either has or may readily obtain.
7. Except where the holder of this licence is, in relation to the premises in question, not only the relevant supplier but also the relevant shipper, where the licensee intends to connect, or has connected any meter with a service pipe through which gas is conveyed to any premises by a gas transporter or intends to disconnect, or has disconnected any meter from any such pipe, it shall give to the relevant shipper the like notice and information as would, by paragraph 12 of Schedule 2B to the Act, have been required to be given to the licensee or the relevant transporter had the connection or disconnection been by a person other than the licensee, and the licensee shall give such notice and information at the like times.

8. Paragraph 7 shall apply in relation to any secondary sub-deduct premises as if gas were conveyed to those premises by a gas transporter.
9. Except where the holder of this licence is, in relation to the premises in question, not only the relevant supplier but also the relevant shipper, the licensee shall promptly furnish the relevant shipper with such information as it may from time to time obtain as to the quantities or amounts of gas conveyed to premises to which it supplies gas.
10. The licensee shall promptly furnish the relevant shipper, for transmission to the relevant transporter, (or, if the holder of this licence is that shipper and the relevant transporter requests the information in question, shall furnish the relevant transporter direct) with particulars of each inspection of a gas meter in pursuance of standard condition 17 (Reading, Inspection and Testing of Meters), including the date on which the inspection was carried out, the reading of the register of the meter and what, if anything, was found.
11. Where, in pursuance of a request for the purposes of paragraph 2(d) of standard condition 31 (The Supply Point Information Service) of the standard conditions of gas transporters' licences, as incorporated in a gas transporter's licence, that transporter has provided the licensee with the information contained in the record of meter point numbers kept by the transporter in pursuance of the said standard condition 31, the licensee shall restrict the use or disclosure it makes of the copy or information furnished in such manner, and to such extent, as may be designated for the purposes of this condition generally by the Authority so, however, that such designation may make different provision in relation to copies of part of the record, or information, furnished by different gas transporters.
12. Unless the Authority otherwise consents, by 1 January 2002, the licensee shall provide the relevant shipper, for transmission to the relevant transporter (or, if the holder of this licence is that shipper, shall inform the relevant transporter direct) with details of which particular premises supplied by the licensee is domestic and which is non-domestic premises.

13. From the relevant date referred to in paragraph 14, where the licensee becomes –

- (a) the relevant supplier of a particular premises;
- (b) aware that a particular premises supplied by the licensee has changed from a domestic to a non-domestic premises or from a non-domestic to a domestic premises,

it shall inform the relevant shipper (or, if the holder of this licence is that shipper, the relevant transporter direct) no later than three days after the circumstances mentioned in sub-paragraph (a), or as soon as is reasonably practicable after the circumstances mentioned in sub-paragraph (b), of whether the particular premises in question is domestic or non-domestic.

14. The relevant date shall be –

- (a) for the purposes of sub-paragraph 13(a), 1 January 2002; and
- (b) for the purposes of sub-paragraph 13(b), 1 January 2002 or such later date as the Authority specifies in a consent given to the licensee pursuant to paragraph 12.

15. The consent referred to in paragraph 12 in respect of a particular licensee may not be given by the Authority on more than one occasion.

16. Where any gas meter owned by the licensee is disconnected by, or returned to, the licensee it shall promptly make an appropriate record of the details displayed on the register of the meter at the time of the disconnection or return and of such other information in its possession as shall subsequently enable the identity of, and the date of disconnection or return of, the meter and the premises from which it was disconnected to be ascertained, and shall keep such a record for a period of not less than 2 years from the date of the disconnection or return, whichever is the later.

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Amended Condition 34. Metering Arrangements for Domestic Customers

1. Subject to paragraph 7, the licensee shall not be required by standard condition 32 (Duty to Supply Domestic Customers) to supply or continue to supply gas to a domestic customer, or to offer a new contract except on terms that, if the customer takes his supply through a meter which belongs to him or is lent or hired to him otherwise than by the licensee or by the relevant transporter or if the meter is ordinarily to be read in accordance with arrangements made otherwise than by the licensee, the meter or the arrangements in question are acceptable to the licensee.

2. The licensee shall, if so requested by one of its domestic customers or a person who has agreed to become such a customer, arrange for the provision by a Meter Asset Manager to that customer of a meter owned by ~~the licensee or the relevant~~ transporter which is of an appropriate type for registering the quantity of gas supplied to him by –

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- (a) arranging with the relevant transporter for the meter owned by it and installed in the premises to remain in place;
- (b) arranging with the owner of the meter installed in the premises to purchase or otherwise acquire that meter and for it to remain in place;
- (c) arranging for the installation of a meter where there is no meter in place, or the meter in place is inappropriate or cannot be purchased or acquired on reasonable terms; or
- (d) making such other arrangements for the provision of a meter as may be agreed between the licensee and the customer.

2A. For the purposes of paragraph 2, “Meter Asset Manager” means:

(a) A person approved by the Authority as possessing expertise satisfactorily to provide Meter-Related Services or a class or description of persons so approved (“relevant expertise”); or

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(b) an undertaking approved by the Authority as having staff possessing the relevant expertise

and for the purposes of this definition,

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(i) “approved by the Authority” means approved by it for the purposes of this condition generally and “staff” includes officers, servants and agents; and

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(ii) “Meter-Related Services” means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc as at the date this paragraph 2A has effect.

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3. Where the licensee is obliged under paragraph 2 to arrange for the provision of a meter to a domestic customer, it shall not require, as a condition of making such an arrangement as is mentioned in sub-paragraph 2(a), (b) or (c), that the customer takes the meter otherwise than on hire or loan.

4. Where a domestic customer of the licensee hands over to it a meter which is owned by the relevant transporter, the licensee shall so inform that transporter, through the relevant shipper (or, if the holder of this licence is that shipper, or if the relevant transporter is Transco plc, direct), and hold the meter to the transporter’s order for a period of one month in the condition in which it was received and with the index unaltered.

5. Where -

(a) in pursuance of arrangements made by the licensee, any meter is connected with a service pipe through which gas is conveyed to premises

in relation to which the licensee is, or is about to become, a relevant supplier and the person making the connection is not an approved meter installer; or

- (b) the licensee receives -
 - (i) such a notice of a proposed connection as is mentioned in subparagraph (1) of paragraph 12 of Schedule 2B to the Act, whether or not it is followed by such information as is mentioned in subparagraph (3) of that paragraph; or
 - (ii) a copy of such a notice or of any such information which has been received by the relevant transporter, and it is not stated in the notice or information that the connection will be, or has been, made by an approved meter installer, the licensee shall use its reasonable endeavours to secure that, within the required period mentioned in paragraph 6(b), an approved meter installer inspects the connection and, if he finds it unsatisfactory, carries out any appropriate remedial work.

6. For the purposes of paragraph 5-

- (a) "approved meter installer" means -
 - (i) a person approved by the Authority as possessing expertise satisfactorily to connect a meter and so ensure that the gas supplied through it is duly registered ("the requisite expertise") or a person of a class or description of persons so approved; or
 - (ii) an undertaking approved by the Authority as having staff possessing the requisite expertise,

and, for the purposes of this definition, "approved by the Authority" means approved by it for the purposes of this condition generally and "staff" includes officers, servants and agents, and

- (b) the required period is the period of 90 days, beginning with the day following that on which the connection was made as mentioned in paragraph 5(a) or, as the case may be, with the day following that

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specified in the notice or information (or copy thereof) mentioned in paragraph 5(b) as that on which the connection would be, or was, made.

7. The licensee shall not, in the case of a domestic customer -
 - (a) refuse to accept a meter the use of which does not contravene section 17 of the Act and which is appropriate for registering the quantity of gas supplied, except on the ground that -
 - (i) the licensee requires the supply to be taken through a prepayment meter and the meter is not one of that type or, if it is, its calibration or the arrangements for dealing with pre-payments are not acceptable to the licensee; or
 - (ii) the meter does not offer the facilities requisite for the purposes of the contract or having regard to its terms, or
 - (b) refuse to accept arrangements made by the customer for the ordinary reading of the meter which comply with such requirements, designed to secure the accurate reading of the meter and prompt transmission of data in an appropriate form, as are set out in such document or variation thereof (“the Gas Meter Reading and Inspection Code”) as may be designated in writing, for the purposes of this condition generally, by the Authority following consultation with gas suppliers, gas shippers, gas transporters and such other persons as the Authority considers appropriate.

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Amended Condition 37. Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick

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1. The licensee shall, no later than the date on which this condition takes effect pursuant to the provisions of standard condition 2 (Application of Section C (Domestic Supply Obligations)), prepare and submit to the Authority for its approval a code of practice detailing the special services the licensee will make available for its domestic customers who are of pensionable age or disabled or chronically sick.

2. The code of practice shall include arrangements by which the licensee will, on request of such customers, and in each case free of charge-
 - (a) except in the case of a customer living with another person and such person is neither a pensioner nor a disabled or chronically sick person nor under 18 years of age, provide for the examination by a person possessing appropriate expertise at intervals of not less than 12 months of the safety of gas appliances and other gas fittings on the customer's side of the meter at his premises, other than a fitting for the annual inspection of which a landlord of the customer is responsible in pursuance of regulations made under the Health and Safety at Work etc. Act 1974;
 - (b) where reasonably practicable and appropriate-
 - (i) provide special controls and adapters for gas appliances and meters (including prepayment meters) owned by the licensee or the relevant transporter;
 - (ii) reposition meters; and
 - (iii) provide for the transmission through the relevant shipper (or, if the holder of this licence is that shipper, or if the relevant transporter is Transco plc, direct) to the relevant transporter of any request by the

customer for the relevant transporter to reposition any gas meter ~~owned by that transporter and for the relevant transporter to be~~ reimbursed by the licensee in respect of any reasonable expenses incurred by the relevant transporter in complying with the request;

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- (iv) provide special means of identifying persons acting on behalf of the licensee;
- (v) give advice on the use of gas, gas appliances and other gas fittings;
- (vi) send bills in respect of the supply of gas to any such customer to any person who is willing to be sent such bills and is nominated by that customer (without prejudice, however, to the right of the licensee to send such bills both to the customer and to the nominated person where that appears appropriate to the licensee); and
- (vii) provide, where neither the customer nor anyone living with him is able to read the gas meter, for the meter to be read once in each quarter and, without prejudice to paragraph 1 of standard condition 40 (Information Given to Domestic Customers), for the customer to be informed of the readings so obtained.

3. The code of practice shall further include arrangements whereby the licensee will
- (a) establish a list (the "Priority Service Register") of those of its domestic customers who, by virtue of being of pensionable age or disabled or chronically sick, require information and advice in respect of the matters set out at paragraph 2;
 - (b) notify its customers at least once each year of the existence of the Priority Service Register and of how domestic customers may be included on it;
 - (c) maintain the Priority Service Register, comprising the relevant details of each customer who requests his inclusion on it and where requested, give to those of its own customers so registered, in respect of the matters set out at paragraph 2, such information and advice as may be appropriate and is of such nature as shall be set out in the code of practice; and

(d) secure that the relevant transporter is provided with the information in the Priority Service Register in an appropriate form and at appropriate intervals.

4. This condition is subject to the provisions of standard condition 27 (Preparation, Review of and Compliance with Statements and Customer Service Codes).

Competition in the Provision of Gas Metering
Services: Licence Amendments – Decision Document

Gas Transporter's Licence

Amended Standard Condition 8. Provision and Return of Meters

1. Subject to paragraph 2, the licensee shall comply with any reasonable request by a relevant shipper (or a gas shipper who is about to become such a shipper) to provide through a Meter Asset Manager and install at the premises of a domestic customer a gas meter owned by it and of a type specified by the shipper subject, however, to a meter of that type being reasonably available to the licensee and the shipper agreeing to pay its charges in respect of the meter.

1A. For the purposes of paragraph 1, "Meter Asset Manager" means:

- (a) a person approved by the Authority as possessing expertise satisfactorily to provide Meter-Related Services or a class or description of persons so approved ("relevant expertise"); or
- (b) an undertaking approved by the Authority as having staff possessing the relevant expertise

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(i) "approved by the Authority" means approved by it for the purposes of this condition generally and "staff" includes officers, servants and agents; and

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(ii) "Meter-Related Services" means the provision, installation, commissioning, inspection, repairing, alteration, repositioning, removal, renewal and maintenance of the whole or part of the Supply Meter Installation as defined in Section M, paragraph 1.2 of the Network Code of Transco plc as at the date this paragraph 1A has effect.

2. Paragraph 1 shall not apply where -

- (a) the premises in question are secondary sub-deduct premises; and

(b) the owner or occupier of the premises has not agreed that the licensee may enter the premises for the purpose of removing the meter when the owner or occupier no longer requires the meter or the supply of gas.

3. Where any gas meter owned by the licensee is disconnected by, or returned to, the licensee it shall promptly make an appropriate record of the details displayed on the register of the meter at the time of disconnection or return and of such other information in its possession as shall subsequently enable the identity of, and the date of disconnection or return of, the meter and the premises from which it was disconnected to be ascertained, and shall keep such a record for a period of not less than 2 years from the date of the disconnection or return, whichever is the later.

4. Where the licensee has reasonable cause to believe that any gas meter owned by it and disconnected by, or returned to, it is or may be relevant to -

(a) any investigation, proceedings or possible proceedings relating to the alleged theft of gas by any person or to an alleged offence under paragraph 10(1) of Schedule 2B to the Act; or

(b) any dispute as to the accuracy of the meter,

the licensee shall use all reasonable endeavours to keep the meter in safe custody in the standard condition in which it was when disconnected or returned and with the register unaltered -

(i) during the period of 6 months beginning with the date on which the meter was disconnected or returned, for as long as the licensee continues to have reasonable cause to believe that the meter is or may be so relevant; and

(ii) thereafter, for as long as, to the licensee's knowledge, the meter is so relevant.

5. When the licensee receives, in connection with a proposed connection or disconnection of a meter, such a notice as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act or receives information in pursuance of sub-paragraph (3) of that paragraph, it shall promptly give the relevant shipper a copy thereof and furnish it with any further information relating to the meter which is requested by the shipper and which the licensee either has or may readily obtain.

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 17 (Reading, Inspection and Testing of 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.

7. For the purposes of paragraph 1, reference to a "relevant shipper" (and to a gas shipper who is about to become such a shipper) includes a gas supplier who is also the holder of the licence held by such a shipper.

Competition in the Provision of Gas Metering
Services: Licence Amendments – Decision Document

Transco's Gas Transporter's Licence

Amended Standard Condition 8. Provision and Return of Meters

1. Subject to paragraph 2, the licensee shall comply with any reasonable request by a relevant supplier (or a gas supplier who is about to become such a supplier) to provide and install at the premises of a domestic customer, a gas meter owned by it and of a type specified by the supplier subject, however, to a meter of that type being reasonably available to the licensee and the supplier agreeing to pay its charges in respect of the meter.

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2. Paragraph 1 shall not apply where -

- (a) the premises in question are secondary sub-deduct premises; and
- (b) the owner or occupier of the premises has not agreed that the licensee may enter the premises for the purpose of removing the meter when the owner or occupier no longer requires the meter or the supply of gas.

3. Where any gas meter owned by the licensee is disconnected by, or returned to, the licensee it shall promptly make an appropriate record of the details displayed on the register of the meter at the time of disconnection or return and of such other information in its possession as shall subsequently enable the identity of, and the date of disconnection or return of, the meter and the premises from which it was disconnected to be ascertained, and shall keep such a record for a period of not less than 2 years from the date of the disconnection or return, whichever is the later.

4. Where the licensee has reasonable cause to believe that any gas meter owned by it and disconnected by, or returned to, it is or may be relevant to -

- (a) any investigation, proceedings or possible proceedings relating to the alleged theft of gas by any person or to an alleged offence under paragraph 10(1) of Schedule 2B to the Act; or

(b) any dispute as to the accuracy of the meter,

the licensee shall use all reasonable endeavours to keep the meter in safe custody in the standard condition in which it was when disconnected or returned and with the register unaltered -

(i) during the period of 6 months beginning with the date on which the meter was disconnected or returned, for as long as the licensee continues to have reasonable cause to believe that the meter is or may be so relevant; and

(ii) thereafter, for as long as, to the licensee's knowledge, the meter is so relevant.

5. When the licensee receives, in connection with a proposed connection or disconnection of a meter, such a notice as is mentioned in sub-paragraph (1) of paragraph 12 of Schedule 2B to the Act or receives information in pursuance of sub-paragraph (3) of that paragraph, it shall promptly give the relevant shipper a copy thereof and furnish it with any further information relating to the meter which is requested by the shipper and which the licensee either has or may readily obtain.

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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 17 (Reading, Inspection and Testing of 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.

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7. For the purposes of paragraph 1, reference to a “relevant shipper” (and to a gas shipper who is about to become such a shipper) includes a gas supplier who is also the holder of the licence held by such a shipper. ¶

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Amended Standard Condition 17. Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick: Arrangements in Respect of Meters

1. Where a relevant supplier or a gas supplier who is about to become such a supplier has -

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(a) in pursuance of paragraph 2(b)(ii), of standard condition 37, (Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick) of the standard conditions of gas suppliers' licences as incorporated in its licence, transmitted to the licensee a request for the repositioning of a meter owned by the licensee; and

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(b) undertaken to pay the licensee's reasonable expenses in complying with the request,

then, so far as it is reasonably practicable and appropriate so to do, the licensee shall comply with the request.

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Amended Condition 39. Restriction on use of certain information and independence of the transportation business

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1. Subject to paragraph 2, the licensee shall use its best endeavours to secure that:

(a) no information relating to, or derived from, its transportation business is disclosed for the benefit of any trading business conducted by the licensee or any such person as is mentioned in paragraph 6, its Meter-Related Services Business or its Meter Reading Business ;

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(b) no information derived from its transportation business is used for the purposes of any trading business conducted by the licensee or (so far as the licensee has powers in that behalf) of a trading business conducted by any such person as is mentioned in paragraph 6, its Meter-Related Services Business or its Metering Reading Business ;

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2. Paragraph 1 shall not apply in so far as:

- (a) the Authority so consents;
- (b) a gas shipper or gas supplier has, for the purposes hereof, consented in writing to the use or disclosure of information relating to that shipper or supplier;
- (c) it is necessary or expedient that the information be used or disclosed to enable such a person as is mentioned in paragraph 6 to enter into arrangements for the connection of a facility for the storage of gas to the pipe-line system of the licensee or to enter into transportation arrangements with the licensee or to give effect to such arrangements;
- (d) the information has been published or is required to be disclosed as

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mentioned in paragraph 1(a) in pursuance of any other standard condition of this licence;

- (e) the information (otherwise than in consequence of a contravention of any standard condition of this licence) is in the public domain; or
- (f) it is information of the kind to which sub-paragraphs (b) to (d) above refer and is disclosed to persons acting on behalf of the licensee engaged in a trading business of the type described in sub-paragraph 3(b) below.

3. In this condition “trading business” means:

- (a) activities connected with the acquisition and disposal of gas in Great Britain;
- (b) activities connected with the storage of gas at an offshore storage installation or storage cavities in natural strata; or
- (c) activities connected with arranging with a gas transporter for gas to be introduced into, conveyed by means of or taken out of a pipe-line system operated by that transporter,

other than:

- (i) such activities relating to gas intended for consumption outside Great Britain as are designated for the purposes of this condition by the Authority; or
- (ii) in the case of the licensee, such activities in connection with either the efficient operation of its pipe-line system or the replacement of gas lost from that system.

4. In this condition, “transportation business” includes:

- (a) LNG storage arrangements; and
- (b) the licensee’s Metering Business other than its Meter-Related Services Business,

and in sub-paragraph 2(c) “transportation arrangements” includes LNG storage arrangements.

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5. If the Authority, having regard, in particular, to any representations made to it by the licensee and other persons as to the extent to which there is competition in relation to the storage of gas in *LNG Storage Facilities* and its view on that question, considers it appropriate that this condition should be modified by the omission of paragraph 4 then the paragraph shall be omitted with effect from a date specified in a notice published by the Authority for that purpose and the reference thereto in the definitions of “transportation arrangements” and “transportation business” in standard condition 1 (Definitions and Interpretation) shall cease to have effect.

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6. The persons referred to in paragraphs 1(a) and (b) and 2(c) are:

- (a) any affiliate of the licensee; and
- (b) any related undertaking of the licensee.

7. The licensee shall take all reasonable precautions against the risk of failure to comply with paragraph 1 including:

(a) restrictions on the communication of information to persons engaged in any trading business conducted by the licensee or any such person as is referred to in paragraph 6, its Metering-Related Services Business or its Meter Reading Business;

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(b) restrictions on access by persons engaged in any trading business conducted by the licensee or any such person as is referred to in paragraph 6, its Metering-Related Services Business or Meter Reading Business, to:

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(i) premises or parts of premises occupied by persons engaged in the transportation business; and

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(ii) recorded information relating to the transportation business;

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(c) the prevention (so far as the licensee can require it) of any person who

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has ceased to be engaged in the transportation business from being engaged in such a trading business, its Meter-Related Services Business or Meter Reading Business until the expiry of the appropriate period since he ceased to be engaged in the transportation business.

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8. In sub-paragraph 7(c) “the appropriate period” means:

- (a) a period of 3 months, or
- (b) such shorter or longer period as, following a recommendation by the Compliance Officer (the licensee is required to employ under standard condition 40 (Appointment of Compliance Officer)) the Authority may direct in respect of any person or class of persons.

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9. In this condition, “Meter-Related Services Business” means the activities of the licensee in connection with the provision of Meter-Related Services as defined in paragraph 1A of Amended Standard Condition 8.

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Amended Special Condition 23 - Provision of metering and meter reading services

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1. Before attending to any request from a supplier:
 - (a) pursuant to paragraph 1 of standard condition 8 (Provision and Return of Meters);
 - (b) in relation to the provision of Metering Services other than those services provided pursuant to sub-paragraph (a) above; or
 - (c) in relation to the provision of Meter Reading Services;the licensee shall provide to that supplier the terms provided for in paragraph 2.

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- 1A Where and to the extent that the licensee is required to provide services under sub-paragraph (a) of paragraph 1 above it shall be the duty of the licensee to provide the services mentioned in that sub-paragraph on reasonable terms.

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2. The terms referred to in paragraph 1 are the licensee's terms regarding;
 - (a) the date by which the services required shall be provided (time being of the essence unless otherwise agreed between the parties);
 - (b) the charges to be paid in respect of the services required, such charges (save to the extent set out in any direction under paragraph 10 or unless manifestly inappropriate):
 - (i) to be presented in such a way as to be referable to the statements prepared in accordance with paragraph 5 of this condition, or any revision thereof; and
 - (ii) to be set in conformity with the requirements of paragraphs 4 to 7 of this condition; and
 - (c) such other detailed terms in respect of each of the services required as are or may be appropriate for the purpose of the agreement.

3. The licensee shall provide to the supplier such terms as are referred to in paragraph 2 above as soon as practicable and (save where the Authority consents to a longer period) in any event not more than 28 days after receipt by the licensee from any person of any application containing all such information as may reasonably be required for the purpose of formulating the terms of the agreement.

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4. Except in so far as the Authority accepts otherwise, the licensee shall enter into agreements with suppliers for the provision of:

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(a) gas meters pursuant to standard condition 8 (Provision and Return of Meters);

(b) Metering Services other than the provision of gas meters pursuant to sub-paragraph (a) above; or

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(c) Meter Reading Services

without variation to any terms provided in relation to a particular request from a supplier pursuant to paragraph 2.

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5. The licensee shall as soon as reasonably practicable prepare statements in a form approved by the Authority setting out:

(a) the basis upon which charges for the provision of services of a type described in paragraph 1 will be made; and

(b) information relating to the other terms that will apply to the provision of each service,

in each case in such form and with such detail as shall be necessary to enable any supplier to make a reasonable estimate of the charges to which he would become liable for the provision of such services and of the other terms, likely to have a material impact on the conduct of his business, upon which the service would be provided and (without prejudice to the foregoing) including the information set out in paragraph 6.

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6. The statements referred to in paragraph 5 shall include:

(a) a schedule of charges for such services; and

(b) an explanation of the methods by which and the principles on which such charges will be calculated.

7. The licensee may periodically review the information set out in and, with the approval of the Authority, alter the form of the statements prepared in accordance with paragraph 5 and shall, at least once in every year that this Licence is in force, make any necessary revisions to such statements in order that the information set out in the statements shall continue to be accurate in all material respects.
8. The licensee shall send a copy of the statements in accordance with paragraph 5, and of each revision of such statements in accordance with paragraph 7, to the Authority.
9. The licensee shall give or send a copy of the statements prepared in accordance with paragraph 5, or (as the case may be) of the latest revision of such statements in accordance with paragraph 7, to any supplier who requests a copy of such statement or statements.
10. The licensee may make a charge for any statement given or sent pursuant to paragraph 9 of an amount which shall not exceed the amount specified in directions issued by the Authority for the purposes of this Condition based on the Authority's estimate of the licensee's reasonable costs of providing such a statement.
11. The Authority, having regard, in particular, to any representations made to it by the licensee and other persons may issue a direction relieving the licensee of its obligations under paragraphs 1(b), 1(c), 1A, 3 and 5 to such extent and subject to such terms and conditions as it may specify in that direction.

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Amended Special Condition 31: Restriction of prices in respect of tariff capped metering activities

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[paragraphs 1 – 3...]

4. Departures from published statements of charges in respect of tariff-capped metering activities

(1) Where the licensee wishes to depart from its published statement of charges prepared in accordance with Special Condition 23 (Provision of Metering and Metering Reading Services) in respect of the provision of tariff capped metering activities by increasing its charges to a supplier to a level which would result in any given formula year in a breach of its obligations under paragraph 1 of this Special Condition:

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(a) in consequence of that supplier having unbundled part of its supplier's metering portfolio; or

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(b) where it reasonably considers that the departure is necessary to comply with its duty in paragraph 1A of Amended Special Condition 23,

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the licensee shall make a written application to the Authority specifying why the change is requested, providing specification of the metering activities to be provided to that supplier, the proposed level of charge broken down between the different types of metering activities to be provided to that supplier together with such other information to support its application as the Authority may reasonably specify in writing.

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(2) The licensee may, with effect from the date of the application, levy the charges specified in that application in respect of that supplier if:

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- (a) the Authority confirms in writing that it consents to such charges with or without amendment and to such extent and on the basis of such terms and conditions as the Authority may specify; or
- (b) if the Authority has not issued a direction to the licensee requiring the licensee not to exceed the maximum tariff cap within 90 days after receipt of the application.

[Paragraph 5...]