

**To: All holders of an electricity supply licence**

**MODIFICATION OF THE STANDARD CONDITIONS OF THE ELECTRICITY SUPPLY LICENCE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989**

**NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD CONDITIONS OF THE ELECTRICITY SUPPLY LICENCE UNDER SECTION 49A OF THE ELECTRICITY ACT 1989**

**WHEREAS:**

1. Each of the companies to whom this document is addressed holds an electricity supply licence ("the Licence") granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 ("the Act").
2. In accordance with section 11A(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority"):
  - gave notice on 2 October 2009 on the Ofgem website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)) ("the Notice") that it proposed to modify the standard condition 27 of the Licence ;
  - published the Notice in the manner it considered appropriate;
  - sent a copy of the Notice to the relevant licence holders, the Secretary of State and the Council.
3. The Authority did not receive a direction from the Secretary of State not to make the proposed licence modification before the relevant time specified in the Notice.
4. The Authority received four representations to the proposed modification. No representations were withdrawn. The Authority has carefully considered all representations made in relation to the proposed licence modifications.
5. All non-confidential responses are available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).
6. No notice of formal objection to the proposed licence modification was given to the Authority by a relevant licence holder before the relevant date specified in the Notice.
7. The reasons for the modification have been published by the Authority in the following document:
  - (a) "Direct Debit Arrangements": Decision Document, Ofgem, 2 October, 2009.
8. This document is available free of charge from the Ofgem Research and Information Centre, 9 Millbank, London SW1P 3GE or from the Ofgem website at [www.ofgem.gov.uk](http://www.ofgem.gov.uk).

**THEREFORE:**

In accordance with section 11A of the Act, the Authority hereby modifies the standard conditions of the electricity supply licences in accordance with the Schedule 1 to this modification, with effect on and from 00:00 hours on 18 January 2010.

This document constitutes a notice of reasons for the decision to modify the Standard Conditions of the licence under section 49A of the Act.

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**Maxine Frerk**

**Duly authorised on behalf of the Gas and Electricity Markets Authority**

**Date 18 December 2009**

**SCHEDULE 1**  
**MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY SUPPLY LICENCES**  
**UNDER SECTION 11A OF THE ELECTRICITY ACT 1989**

***Condition 27. Payments, Security Deposits and Disconnections***

*Add to existing Standard Licence Condition 27 'Payment methods under Domestic Supply Contract':*

27.13 Paragraphs 14, 15 and 16 apply where a Domestic Customer pays the Charges for the Supply of Electricity which are payable under its Domestic Supply Contract by way of regular direct debit payments of a fixed amount (which amount may be varied from time to time in accordance with the relevant Domestic Supply Contract).

27.14 The licensee must provide to each such Domestic Customer an explanation in clear, plain and intelligible language of the basis upon which a fixed amount (and any variation of that fixed amount) has been determined.

27.15 Save where a clear and express Principal Term of the relevant Domestic Supply Contract provides otherwise, the licensee must take all reasonable steps to ensure that the fixed amount of the regular direct debit payment is based on the best and most current information available (or which reasonably ought to be available) to the licensee, including information as to the quantity of electricity which the licensee reasonably estimates has been or will be supplied under the relevant Domestic Supply Contract.

27.16 Where any Credit has accumulated under a Domestic Supply Contract and the relevant Domestic Customer requests that the licensee do so, the licensee must, save where it is fair and reasonable in all the circumstances for the licensee not to do so, refund, in a timely manner, any Credit which has accumulated under that Domestic Supply Contract to the relevant Domestic Customer. Where the licensee considers that it is fair and reasonable in all the circumstances for it not to refund any Credit which has accumulated under a Domestic Supply Contract in accordance with this provision, it must inform the relevant Domestic Customer of its view and of the reasons for holding that view.

In this condition, "Credit" means the amount by which the payments made by a Domestic Customer to the licensee under or in accordance with the relevant Domestic Supply Contract exceeds the total amount of Charges for the Supply of Electricity which is due and payable by that Domestic Customer to the licensee under that Domestic Supply Contract.