

To: All holders of a gas supply licence

MODIFICATION OF THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE UNDER SECTION 23 OF THE GAS ACT 1986

NOTICE OF REASONS FOR THE DECISION TO MODIFY THE STANDARD CONDITIONS OF THE GAS SUPPLY LICENCE UNDER SECTION 38A OF THE GAS ACT 1986

WHEREAS:

1. Each of the companies to whom this document is addressed holds a gas supply licence ("the Licence") granted, or treated as granted, pursuant to section 7A(1) of the Gas Act 1986 ("the Act").
2. In accordance with section 23(3) and (4) of the Act, the Gas and Electricity Markets Authority (the "Authority") :
 - a. gave notice on 2 October 2009 (the "Notice") that it proposed to modify standard condition 27 of the Licence;
 - b. published the Notice in the manner it considered appropriate;
 - c. 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 modifications before the relevant date specified in the Notice.
4. The Authority received four representations in relation to the proposed licence modifications before the relevant date specified in the Notice. No representations were withdrawn. The Authority has carefully considered all representations made in relation to the proposed licence modifications.
5. All non-confidential representations made in relation to the proposed licence modifications 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.
6. No notice of objection to the proposed licence modifications was given to the Authority by a relevant licence holder before the relevant date specified in the Notice.
7. The reasons for the modifications 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.

THEREFORE:

In accordance with section 23 of the Act, the Authority hereby modifies the standard conditions of the gas supply licences in accordance with 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 38A 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 GAS SUPPLY LICENCES UNDER
SECTION 23 OF THE GAS ACT 1986

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 Gas 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 gas 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 Gas which is due and payable by that Domestic Customer to the licensee under that Domestic Supply Contract.