

THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION

NOTICE UNDER ARTICLE 14(2) OF THE GAS (NORTHERN IRELAND) ORDER 1996

MODIFICATIONS PROPOSED TO SSE Airtricity Gas Supply (NI) Ltd, firmus energy (Supply) Ltd – Ten Towns, firmus energy (Supply) Ltd – Greater Belfast Area, Naturgy Limited, Electric Ireland, Go Power, Flogas Natural Gas Limited, Energia, Power NI Energy Limited, SSE Airtricity Energy Supply (NI) Ltd, ONI Gas Limited, SSE Energy Supply Ltd, Shell Energy Europe Limited, Viridian Energy Limited, Bord Gais Energy Ltd, AES Ballylumford Limited, British Gas Trading Limited, Coolkeeragh ESB Limited, Power NI Energy Limited & ElectroRoute Energy Trading Limited – THE ‘LICENSEE’ SUPPLY LICENCE

The Northern Ireland Authority for Utility Regulation (hereafter referred to as “the Authority”) hereby gives notice under Article 14(2) of the Order as follows:

- 1 It proposes to make modifications to the gas supply licence (the “Licence”) held by the “Licensee”.
- 2 The proposed modifications are to insert a new definition of 'small business consumer' into Condition 2.18.21 and Condition 2.22.9, new paragraphs 18 – 20 into Condition 2.18 and new paragraphs 6 – 8 into Condition 2.22 of the Licence. Current paragraph 18 in Condition 2.18 will be renumbered as paragraph 21. The modifications proposed are set out in Schedule 1 to this notice.
- 3 The effect of the proposed modifications will be to implement requirements around contracts for small business consumers. The proposed amendments to Condition 2.18 will ensure that, where the Licensee proposes to vary the terms and conditions of a supply contract with a small business consumer, it must inform the consumer and provide a 21 day notice period without penalty where the consumer does not agree to the variation. It will also prevent the imposition of any notice period where a fixed term contract with a small business consumer has come to an end (including preventing rollover contracts). The Licensee will also be required to inform the small business consumer that the fixed term period is coming to an end, their current charges and the charges after the end of that period.
- 4 The proposed modifications to Condition 2.22 will restrict the amount that the Licensee can require from a small business consumer as a security deposit and require information regarding how any deposit is calculated to be available in a clearly understood form on the Licensee's website.
- 5 The modifications are aimed at increasing transparency in the market and to stimulate consumer engagement and as such increase competition in the market. The reasons for the proposed modifications are set out in the decision paper entitled “Measures to Enhance the Operation of the Small Business Energy Market” September 2018. The document can be accessed from the Authority’s website at:

<https://www.uregni.gov.uk/news-centre/decision-published-measures-enhance-operation-small-business-energy-market>

and

“Decision on the application of exit fees in the small business energy market” October 2019.
The document can be accessed from the Authority’s website at:

<https://www.uregni.gov.uk/publications/decision-application-exit-fees-small-business-energy-market>

- 6 Representations or objections with respect to the proposed modifications may be made on or before 4.00 pm on 23rd December 2019 to:

Jennifer Cassidy
Utility Regulator
Queens House
14 Queen Street
Belfast BT1 6ED
Tel: 02890 316339
Email: jennifer.cassidy@uregni.gov.uk

- 7 The Authority has, in pursuance to Articles 14(4) of the Order served a copy of this notice on the Licensee and sent a copy to the Department for the Economy and the Consumer Council NI.

Dated this 19th day of November 2019



Jenny Pyper

For and on behalf of the Northern Ireland Authority for Utility Regulation

SCHEDULE 1 – THE PROPOSED MODIFICATIONS

Condition 2.18: Terms and Conditions of Gas Supply Contracts

- 2.18.1 The Licensee shall ensure that any Contract it enters, or offers to enter, into with a consumer for a supply of gas contains provisions which are in clear and comprehensible language and which incorporate all relevant information so as to enable the consumer to understand the terms and conditions under which the supply of gas is, or is to be, made.
- 2.18.2 The Licensee shall ensure that the terms and conditions of any Contract it enters into with a consumer for a supply of gas provide that the Licensee will, where the premises is at the date of the Contract connected to a Network Operator's Network, start supplying gas under the Contract by no later than 15 working days after the Relevant Date, unless:
- (a) the consumer requests that the supply starts from a later date; or
 - (b) the Registered Supplier for the premises objects to the Supplier Transfer; or
 - (c) there are other circumstances beyond the Licensee's control which prevent it from starting to supply by that date.
- 2.18.3 The Licensee shall not enter, or offer to enter, into a Contract, for the supply of gas to premises, which contains a term that requires or has the effect of requiring the consumer to:
- (a) obtain a supply of gas to the same premises from another gas supplier from a date and for such period as may be specified (whether in the Contract or otherwise) by the Licensee; and
 - (b) immediately following the expiry of that specified period, recommence taking a supply of gas at the premises from the Licensee.
- 2.18.4 Before entering into or concluding a Contract with any domestic consumer, the Licensee shall:
- (a) explain to and draw to the attention of the domestic consumer, the Principal Terms of the Contract; and
 - (b) inform the domestic consumer of the Energy Consumer Checklist and of the sources from where the consumer can obtain a copy;
 - (c) provide a copy of the Energy Consumer Checklist free of charge to any

domestic consumer requesting it; and

- (d) give the domestic consumer a written copy of the full terms and conditions of the Contract, including without limitation all the information referred to in paragraph 2.18.7.

2.18.5 The Licensee:

- (a) shall determine standard terms and conditions for the supply of gas to domestic consumers;
- (b) may determine different standard terms and conditions for different cases or classes of case or for different areas;
- (c) shall ensure that each set of standard terms and conditions it determines includes all of the terms and conditions that will apply to any Contract entered into with a domestic consumer on that set of standard terms and conditions;
- (d) shall not determine standard terms and conditions which impose an obligation on the domestic consumer to pay a termination fee, unless any such obligation has been approved in advance by the Authority;
- (e) shall ensure that an up to date copy of each set of standard terms and conditions that it has determined is published on and accessible from its website;
- (f) shall not enter, or offer to enter, into a Contract for the supply of gas with a domestic consumer otherwise than on a set of standard terms and conditions as determined in accordance with this paragraph 5.

2.18.6 The Licensee shall, for any different case, class of case or area in respect of which it has determined standard terms and conditions in accordance with paragraph 5, as a minimum determine a set of standard terms and conditions:

- (a) which provide for a Contract of an indefinite length; and
- (b) in respect of which the terms as to price do not differ as between any domestic consumers who may enter into that Contract (a **standard evergreen tariff**), provided that the Licensee may have a different standard evergreen tariff for each payment method offered by it.

2.18.7 The Licensee shall ensure that each set of standard terms and conditions it determines for domestic consumers shall be fair (as between the Licensee and each domestic consumer) and shall, as a minimum, include the following:

- (a) the identity and address of the Licensee and any other appropriate contact details;
- (b) the services to be provided, the service quality levels offered by the Licensee (which may be subject to the approval of the Authority pursuant to Condition 2.20) and the date for the commencement of the gas supply under the Contract;
- (c) the duration of the Contract, the terms and conditions for renewal and for termination of the Contract (which terms and conditions shall be compliant with the requirements of this Condition), the services provided under the Contract and the existence of any right of cancellation or termination of the Contract;
- (d) (if offered by the Licensee) the types of maintenance service offered under the Contract;
- (e) a right for the domestic consumer to withdraw from and cancel the Contract:
 - (i) where a supply of gas has at any time previously been taken at the premises, within ten working days of entering into the Contract; or
 - (ii) where a supply of gas has not previously been taken at the premises, within ten working days of entering into the Contract, or any time up to ten working days prior to the premises being connected to a Network Operator's Network, whichever is the later;
- (f) a right for the domestic consumer to terminate the Contract where the Licensee proposes a variation to the terms and conditions of the Contract and the domestic consumer does not wish to accept such new terms and conditions;
- (g) the tariffs, charges and other payments which apply to the Contract and are required to be paid by the domestic consumer, in a manner that enables the domestic consumer to:
 - (i) identify the applicable tariff and the unit rate, in terms expressed as "pence per kWh", of the applicable tariff;

- (ii) identify any other charge or payment, including in particular:
 - (A) any applicable standing charge;
 - (B) any payment which is or has the effect of being a Security Deposit;
- (iii) where the applicable tariff is not a standard evergreen tariff (because the Contract is not of an indefinite length), compare the unit rate of the applicable tariff against the unit rate of the standard evergreen tariff (in each case expressed in “pence per kWh”) that would apply if the relevant set of standard terms and conditions applied to a Contract of indefinite length;
- (h) the means by which up to date information on all applicable tariffs, charges and other payments (including any discounts and promotions) for the supply of gas and for any other services which are to be provided under the Contract:
 - (i) can be promptly obtained by the domestic consumer; and
 - (ii) will be communicated to the domestic consumer in writing by the Licensee;
- (i) the compensation and the refund arrangements (if any) which will apply if contracted service quality levels, including service quality levels relating to the timing, frequency and accuracy of bills and statements, are not met (which arrangements may be subject to the approval of the Authority pursuant to Condition 2.20);
- (j) details of how the domestic consumer may initiate the Licensee’s complaint handling procedure (as established in accordance with Condition 2.8); and
- (k) details of how the domestic consumer can contact, and the relevant address and telephone number of, the General Consumer Council for further help and advice.

2.18.8 Subject to paragraph 2.18.9, the Licensee shall not start to supply gas under a Contract entered into with a Domestic Consumer until the cancellation period referred to in paragraph 2.18.7(e) has expired.

2.18.9 The requirement in paragraph 2.18.8 does not apply where:

- (a) the Licensee or any other Gas Supplier has applied in writing to the Authority for paragraph 2.18.8 not to apply in respect of such circumstances or cases as described in the application; and
- (b) the Authority has issued a direction to the Licensee that the requirement in paragraph 2.18.8 shall not apply in respect of such circumstances or cases as are specified in direction and from such date as may be specified in the direction.

2.18.10 The Authority may, at any time and following consultation with the Licensee, by a further direction amend or revoke a direction (or part thereof) given to the Licensee under paragraph 2.18.9(b).

2.18.11 Where the Licensee proposes to vary any of the terms and conditions of a Contract it has with a domestic consumer, it shall, by way of sending a notice that:

- (a) sets out the information in clear, transparent and easy to read and understand language; and
- (b) where the variation relates to terms as to price, sets out the unit rate (expressed in each case in 'pence per kWh') of the domestic consumer's current tariff and of the proposed new tariff,

notify each such domestic consumer of the proposed variation, together with the consumer's right (as included in the Contract in accordance with paragraph 2.18.7(f)) to terminate the Contract before the proposed variation is due to take effect, at least 21 days in advance of the date the variation is due to take effect.

2.18.12 Where the Licensee enters into a Contract with a domestic consumer which has a fixed term period:

- (a) any such Contract may not include any term or condition which has the effect of:
 - (i) extending the length of that fixed term period; or
 - (ii) applying a consecutive fixed term period,

unless the domestic consumer has the right to terminate the Contract at any time in the extended or consecutive fixed term period without payment of a termination fee; and

- (b) the Licensee shall, by way of sending a notice, notify each such domestic consumer of:
 - (i) the expiry date of the fixed term period at least 21 but no more than 42 days before that expiry date;
 - (ii) the name and unit rate, expressed as “pence per kWh”, of the domestic consumer’s current tariff; and
 - (iii) details of the standard evergreen tariff, including the applicable unit rate expressed as “pence per kWh”, that will apply under the Contract following the expiry date of the fixed term period.

2.18.13 The Licensee shall, on the request of a domestic consumer and without charge, send to that consumer a copy of the then current set or sets of standard terms and conditions (as determined in accordance with this Condition) that are applicable to the request (including, for the avoidance of doubt, the applicable charges and tariffs relating to each such set).

2.18.14 The Licensee shall ensure that its standard terms and conditions provide domestic consumers with a choice of payment methods, including as a minimum making payment:

- (a) in arrears (at such frequency as is set out in the terms and conditions);
- (b) by direct debit (at such frequency as is set out in the terms and conditions); and
- (c) in advance through a prepayment meter.

2.18.15 Any difference in or between the Licensee’s standard terms and conditions, including terms as to price, relating to the choice of payment methods shall be determined by the Licensee on a basis which reflects the costs to the Licensee of providing the different payment methods.

2.18.16 The Licensee shall not impose on, or request from, a domestic consumer any charge

or payment for the purpose of enabling that consumer to exercise or preventing him from exercising (as the case may be) his right to receive a supply of gas from his gas supplier of choice.

2.18.17 Where a Contract also relates to or governs the provision of other goods or services, the Licensee shall ensure that the charges for such other goods or services are identified separately from the charges for the supply of gas.

2.18.18 The Licensee shall ensure that the terms and conditions of any Contract it enters into with a Small Business Consumer include a right for the Small Business Consumer to terminate the Contract where the Licensee proposes a variation to those terms and conditions and the Small Business Consumer does not wish to accept such new terms and conditions.

2.18.19 Where the Licensee proposes to vary any of the terms and conditions of a Contract it has with a Small Business Consumer, it shall do so by way of sending a notice to the Small Business Consumer that:

- (a) sets out the information in clear, transparent and easy to read and understand language; and
- (b) where the variation relates to terms as to price, sets out all of the charges included in the Small Business Consumer's current tariff and of the proposed new tariff, and;

notify each such Small Business Consumer of the proposed variation, together with the Small Business Consumer's right (as included in the Contract in accordance with paragraph 2.18.18) to terminate the Contract before the proposed variation is due to take effect, at least 21 days in advance of the date the variation is due to take effect.

2.18.20 Where the Licensee enters into a Contract with a Small Business Consumer which has a fixed term period:

- (a) any such Contract may not include any term or condition that prevents the Small Business Consumer from terminating the Contract at any time after that initial fixed term period without a notice period or payment of a termination fee;

(b) without prejudice to the generality of Condition 2.18.20(a), any such Contract may not include any term or condition which has the effect of:

- (i) extending the length of that fixed term period; or
- (ii) applying a consecutive fixed term period,

unless the Small Business Consumer has the right to terminate the Contract at any time in the extended or consecutive fixed term period without a notice period or payment of a termination fee; and

(c) the Licensee shall, by way of sending a notice, notify each such Small Business Consumer of:

- (i) the expiry date of the fixed term period at least 21 but no more than 42 days before that expiry date, and;
- (ii) the name and unit rate, expressed as “pence per kWh”, of the Small Business Consumer’s current tariff; and
- (iii) details of all of the charges included in the new tariff that will apply under the Contract following the expiry date of the fixed term period.

2.18.21 In this Condition:

Relevant Date

means the earlier of:

- (i) the day after the end of any period within which the consumer has a right to withdraw from and cancel the Contract; or
- (ii) 10 working days after the day on which the consumer entered into the Contract.

Small Business Consumer

means a business consumer supplied with gas and consuming less than 73.2 MWh per annum based on the Annual Quantity of the supply meter point as defined in the Network Code. This does not include a business consumer that is a single legal entity with more than one

premises where the total gas consumption of those premises is more than 73.2 MWh per annum.

Registered Supplier

means the gas supplier which is registered with the relevant Network Operator as being the gas supplier responsible for providing a supply of gas to the consumer at the relevant premises.

Supplier Transfer

means, as the case may be, the transfer of responsibility for the supply of gas to a premises from the Licensee to another gas supplier or from another gas supplier to the Licensee.

terms and conditions

means all the terms and conditions, including terms as to price, of the Contract.

Condition 2.22: Security Deposits

2.22.1 The Licensee shall not require a domestic consumer to pay a Security Deposit in respect of the supply of gas to the domestic consumer's premises:

- (a) where the domestic consumer agrees for the gas to be supplied through a prepayment meter and it is safe and reasonably practicable in all the circumstances of the case for the Licensee to supply the premises through such a meter; or
- (b) where it is unreasonable in all the circumstances of the case to require the domestic consumer to pay a Security Deposit.

2.22.2 Any Security Deposit required by the Licensee shall be of an amount that:

- (a) is reasonable in all the circumstances of the case; and

- (b) does not exceed the charges for the supply of gas likely to be applicable for an average three month period of supply, as calculated by reference to the consumption of gas reasonably expected at the relevant premises by the domestic consumer.

2.22.3 The Licensee shall, where it requires a domestic consumer to pay a Security Deposit, at the same time inform the domestic consumer of the effect of paragraph 2.22.5.

2.22.4 Subject to paragraph 2.22.5, any Security Deposit given by a domestic Consumer shall be repaid by the Licensee:

- (a) within 28 days where, in the previous 12 months, the domestic consumer has paid all charges for the supply of gas demanded from him within 28 days of each written demand made; or
- (b) as soon as reasonably practicable, and in any event within 1 month, where the Licensee has ceased to supply the domestic consumer and the consumer has paid all charges for the supply of gas demanded from him.

2.22.5 Sub-paragraph 2.22.4(a) shall not apply where it is reasonable in all the circumstances for the Licensee to retain the Security Deposit.

2.22.6 The Licensee shall not require a Small Business Consumer to pay a Security Deposit in respect of the supply of gas to the Small Business Consumer's premises:

- (a) where the Small Business Consumer agrees for the gas to be supplied through a prepayment meter and it is safe and reasonably practicable in all the circumstances of the case for the Licensee to supply the premises through such a meter; or
- (b) where it is unreasonable in all the circumstances of the case to require the Small Business Consumer to pay a Security Deposit.

2.22.7 Any Security Deposit required by the Licensee shall be of an amount that:

- (a) is reasonable in all the circumstances of the case; and
- (b) does not exceed the charges of the supply of gas likely to be applicable for an average three month period of supply, as calculated by reference to the

consumption of gas reasonably expected at the relevant premises by the Small Business Consumer.

2.22.8 The Licensee shall ensure that the methodology used to calculate the amount of any Security Deposit required to be paid by a Small Business Consumer:

- (a) is published on and made readily accessible from its website; and
- (b) allows the Small Business Consumer to reasonably understand the likely amount of any Security Deposit that it may be required to pay.

2.22.9 In this Condition:

Small Business Consumer means a business consumer supplied with gas and consuming less than 73.2 MWh per annum based on the Annual Quantity of the supply meter point as defined in the Network Code. This does not include a business consumer that is a single legal entity with more than one premises where the total gas consumption of those premises is more than 73.2 MWh per annum..