

*Draft Order laid before Parliament under section 11A(11) of the Electricity Act 1989 and section 23(13) of the Gas Act 1986, for approval by resolution of each House of Parliament.*

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DRAFT STATUTORY INSTRUMENTS

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**2003 No.**

**ELECTRICITY  
GAS**

**The Electricity and Gas (Modification of  
Standard Conditions of Licences) Order 2003**

*Made* - - - - 2003  
*Coming into force* - - 2003

Whereas a draft of this instrument has been laid before, and approved by a resolution of, each House of Parliament pursuant to section 11A(11) of the Electricity Act 1989<sup>(1)</sup> and section 23(13) of the Gas Act 1986<sup>(2)</sup>;

Now, therefore, the Secretary of State, in exercise of the powers conferred on her by sections 11A(6) (b), (7) and (10) of the Electricity Act 1989 and 23(7)(b), (8) and (12) of the Gas Act 1986, hereby makes the following Order:

**Citation and commencement**

1. This Order may be cited as the Electricity and Gas (Modification of Standard Conditions of Licences) Order 2003 and shall come into force on the day after the day on which it is made.

**Interpretation**

2. In this Order—

“the Electricity Act” means the Electricity Act 1989;

“the Gas Act” means the Gas Act 1986;

“licensed generator” means the holder of a licence under section 6(1)(a)<sup>(3)</sup> of the Electricity Act;

“metering point” means any energised or de-energised entry or exit point to, from or on a transmission system of any holder of a transmission licence or distribution system of any

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(1) 1989 c. 29; section 11A was inserted by section 35 of the Utilities Act 2000 (c. 27).  
(2) 1986 c. 44; section 23 was amended by section 82 of the Utilities Act 2000.  
(3) Section 6 was substituted by section 30 of the Utilities Act 2000.

electricity distributor where a meter or other metering equipment is used for the purpose of measuring electricity conveyed to or from that system;

“NTS” means the high pressure pipe-line system (excluding any regional distribution system for the conveyance of gas) owned and operated by Transco plc;

“NTS input” means the quantity of gas introduced at an entry point into the NTS;

“NTS offtake” means the quantity of gas taken out at an exit point from the NTS;

“registered capacity” means the maximum amount of electricity which the licensed generator who operates a generating station has agreed with the operator of the distribution system or the transmission system to which the generating station is connected may be provided by it to that system (other than in exceptional circumstances) from time to time;

“relevant licence holder” has the meaning given to it in section 11A(10) of the Electricity Act and section 23(12) of the Gas Act as the case may be; and

“Transco plc” means the company registered in England and Wales under number 02006000.

### **Prescription of percentages and meaning of weighted according to market share for the purposes of section 11A of the Electricity Act**

3.—(1) For the purposes of section 11A(6)(b)(i) and (ii) of the Electricity Act it is hereby prescribed that the percentage shall be twenty per cent.

(2) For the purposes of section 11A(7) of the Electricity Act it is hereby prescribed that weighted according to market share means multiplied by a factor which is—

- (a) in the case of electricity suppliers who are relevant licence holders and who have given notice of objection the total number of metering points registered at the relevant time to those suppliers divided by the total number of metering points registered at the relevant time to electricity suppliers who are relevant licence holders;
- (b) in the case of electricity distributors who are relevant licence holders and who have given notice of objection the total number of metering points registered to electricity suppliers which are at the relevant time on or connected to the distribution systems of those distributors divided by the total number of metering points registered to electricity suppliers which are at the relevant time on or connected to the distribution systems of electricity distributors who are relevant licence holders;
- (c) in the case of licensed generators who are relevant licence holders and who have given notice of objection the sum of the average weekly registered capacity of those generators in each four week period in the twelve months (or such period for which the generator has been a licensed generator where this is less than twelve months) which ends at the relevant time divided by the sum of the average weekly registered capacity of all generators who are relevant licence holders in each four week period in the twelve months (or such period for which the generator has been a licensed generator where this is less than twelve months) which ends at the relevant time;

as calculated (in each case) by the Authority<sup>(4)</sup> on the basis of the information available to it.

(3) For the purposes of this article a metering point is registered to an electricity supplier where that supplier is the supplier responsible for the provision of a supply through that metering point in accordance with the provisions of a supply licence granted by the Authority under section 6(1)(d)<sup>(5)</sup> of the Electricity Act.

(4) For the purposes of this article “the relevant time”—

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<sup>(4)</sup> The Authority was created by section 1(1) of the Utilities Act 2000.

<sup>(5)</sup> Section 6 (together with sections 6A and 6B) of the Electricity Act was substituted for section 6 as originally enacted by section 30 of the Utilities Act 2000.

- (a) in paragraph (2)(a) and (b) is 23.59 hours on the last day of the calendar month preceding the day on which the Authority gives a relevant notice; and
- (b) in paragraph (2)(c) is 23.59 hours on the Monday preceding the last day on which representations or objections may be made with respect to the proposals in a relevant notice.

(5) For the purposes of this article “a relevant notice” is a notice given by the Authority pursuant to section 11A(3) of the Electricity Act which makes proposals in respect of conditions included or to be included in a licence of the type held by the relevant licence holder and in relation to which the Authority is making a calculation under this article.

### **Prescription of percentages and meaning of weighted according to market share for the purposes of section 23 of the Gas Act**

4.—(1) For the purposes of section 23(7)(b)(i) and (ii) of the Gas Act it is hereby prescribed that the percentage shall be twenty per cent.

(2) For the purposes of section 23(8) of the Gas Act it is hereby prescribed that weighted according to market share means multiplied by a factor which is—

- (a) in the case of gas suppliers who are relevant licence holders and who have given notice of objection the total number of consumers contracted at the relevant time to those suppliers for the supply of gas divided by the total number of consumers contracted at the relevant time for the supply of gas to gas suppliers who are relevant licence holders;
- (b) in the case of gas shippers who are relevant licence holders and who have given notice of objection the sum of the aggregated daily average of NTS input and NTS offtake of those shippers at the relevant time divided by the sum of the aggregated daily average of NTS input and NTS offtake at the relevant time of gas shippers who are relevant licence holders;
- (c) in the case of gas transporters who are relevant licence holders and who have given notice of objection the total quantity of gas conveyed to the premises of consumers by those transporters during the twelve month period ending at the relevant time divided by the total quantity of gas conveyed to the premises of consumers during the twelve month period ending at the relevant time by gas transporters who are relevant licence holders;

as calculated (in each case) by the Authority on the basis of the information available to it.

(3) For the purposes of this article “the relevant time”—

- (a) in paragraph (2)(a) is 23.59 hours on the last day of the calendar month preceding the day on which the Authority gives a relevant notice; and
- (b) in paragraph (2)(b) and (c) is 06.00 hours on the day which is thirty days prior to the day on which the Authority gives a relevant notice.

(4) For the purposes of this article “a relevant notice” is a notice given by the Authority pursuant to section 23(3) of the Gas Act which makes proposals in respect of the conditions included or to be included in a licence of the type held by the relevant licence holder and in relation to which the Authority is making a calculation under this article.

(5) For the purposes of this article a gas shipper’s aggregated daily average NTS input and NTS offtake shall be calculated by reference to that shipper’s total NTS input and NTS offtake in the twelve month period which ends at the relevant time.

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**Draft Legislation:** This is a draft item of legislation. This draft has since been made as a UK Statutory  
Instrument: *The Electricity and Gas (Modification of Standard Conditions of Licences) Order 2003 No. 1746*

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2003

Minister of State for Energy and Construction,  
Department of Trade and Industry

## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order prescribes percentages and market share determinations for the purposes of section 11A of the Electricity Act 1989 (“the Electricity Act”) and section 23 of the Gas Act 1986 (“the Gas Act”).

It is possible by use of the procedures laid down in section 11A of the Electricity Act and section 23 of the Gas Act for a standard condition to be modified in all electricity (or all gas) licences, thus removing the need for each licence in which the condition is included to be modified on an individual basis. Modifications to standard conditions are proposed by the Authority but may not be made using the collective modification procedures provided by section 11A of the Electricity Act and section 23 of the Gas Act if the proportion of relevant licence holders (which means in the case of a proposal for a new licence condition all holders of the licence of the type concerned and in the case of modification of existing conditions all licence holders who have the relevant condition appearing in their licence) who give notice of objection to the proposal exceeds either of two levels. The modification cannot proceed collectively if either the proportion (expressed as a percentage) of relevant licence holders giving notice of objection is at or above a prescribed percentage or the proportion (expressed as a percentage) of relevant licence holders giving notice of objection weighted according to their market share is at or above a prescribed percentage.

Section 11A of the Electricity Act and section 23 of the Gas Act provide for the Secretary of State to prescribe by order the percentages referred to above and the manner in which objections are to be weighted according to market share.

A regulatory impact assessment is available and can be obtained from the Energy Markets Unit, Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. Copies have been placed in the libraries of both Houses of Parliament.