

EXPLANATORY MEMORANDUM

THE GAS (THIRD PARTY ACCESS) REGULATIONS 2004 No. 2043

1. This explanatory memorandum has been prepared by the Department of Trade and Industry and is laid before Parliament by Command of Her Majesty.

2. Description

These Regulations amend the Gas Act 1986 and the Petroleum Act 1998 to allow third parties to access liquefied petroleum gas (LNG) import terminals based on published tariffs. They also provide for exemptions from the obligation to grant access to third parties for major new import terminals and gas storage facilities, or extensions to or modifications of existing facilities, on certain conditions. The Regulations also make minor consequential amendments to the Gas Act 1965.

3. Matters of special interest to the Joint Committee on Statutory Instruments or the Select Committee on Statutory Instruments

None

4. Legislative background

4.1 These Regulations partially implement Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas. They only apply to Great Britain. Two further sets of Regulations will be made over the next few months to implement other provisions in this Directive and Directive 2003/54/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in electricity. These will be on the labelling of fuels used for electricity generation and complaints handling. Moreover, provisions in both Directives concerning interconnectors will be implemented through a licensing regime for interconnectors which will be introduced under the Energy Act 2004.

4.2 A Transposition Note is attached.

4.3 The DTI submitted Explanatory Memoranda on 28 June 2001 and 19 November 2001 when the EU legislation on the internal energy market was first proposed. The Commons European Scrutiny Committee held a debate on this on 28 Nov 2001 while the Lords Select Committee on the EU cleared it on 22 July 2002. A further Explanatory Memorandum (9855/02) was submitted on 2 July 2002 which was cleared by the Commons European Scrutiny Committee and Lords Select Committee on the EU.

5. Extent

This instrument applies to Great Britain.

6. European Convention on Human Rights

The Minister for Energy, E-Commerce and Postal Services has made the following statement:

In my view the Gas (Third Party Access) Regulations 2004 are compatible with the Convention rights, as defined in section 1 of the Human Rights Act 1998.

7. Policy background

The aim of Directive 2003/55/EC is to introduce competition in EU gas markets by, *inter alia*, allowing third party access to essential infrastructure such as gas pipelines, LNG import terminals and gas storage facilities. The UK already has a liberalised gas market and is largely compliant with the Directive's requirements. The UK is strongly supportive of this EU legislation as it will extend competition to other EU gas markets. The Department has consulted on the steps it plans to take to ensure full compliance. There was overwhelming support from respondents to the Department's proposed means of implementing the Directive and agreed that this should not have a major impact on the UK market.

8. Impact

No Regulatory Impact Assessment has been prepared for this instrument as it will have no significant impact on business, charities or voluntary bodies.

9. Contact

Sue Harrison, Head of European Energy Markets - tel: 020 7215 2778, e-mail: sue.harrison@dti.gov.uk - can answer queries regarding this instrument.

Department of Trade and Industry

TRANSPOSITION NOTE

Directive 2003/55/EC concerning common rules for the internal market in gas and repealing Directive 98/30/EC

<u>Article</u>	<u>Subject</u>	<u>Summary of provision and information on implementation</u>	<u>Responsibility for any new implementation</u>
2	Definitions	An amendment is being made to the definition of storage facility in section 19E of the Gas Act 1986 to ensure consistency with the Directive. A definition of LNG import facility is substituted for the definition of LNG facility in that section. A definition of new facility in relation to onshore and offshore storage facilities is being inserted in section 19E of the Gas Act 1986 and section 28(1) of the Petroleum Act 1998 to reflect the definition of new infrastructure in the Directive.	Secretary of State through the Gas (Third party Access) Regulations 2004 (Regulations) Sch 2 para 6 Sch 3 para 3
3	Public service obligations and consumer protection	<p>GB is largely compliant with Articles 3.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 3(1) asks Member States to ensure that natural gas undertakings are operated in accordance with the provisions of the Directive so as to achieve a competitive, secure and environmentally sustainable market in natural gas. Member States must not discriminate between undertakings as regards either rights or obligations. - Article 3(2) requires Member States to impose public service obligations on natural gas undertakings (these may relate to security, regularity, quality and price of supplies and environmental protection). The public service 	

		<p>obligations must be clearly defined, transparent, non-discriminatory, verifiable and guarantee equality of access to national consumers.</p> <ul style="list-style-type: none"> - Article 3(3) requires Member States to take appropriate measures to protect final customers (including those measures in the Annex for at least household customers) and to help vulnerable customers avoid disconnection. Member States may also appoint a supplier of last resort for customers. They shall ensure high levels of consumer protection and shall ensure that eligible customers are able to switch to a new supplier. - Article 3(4) requires Member States to implement appropriate measures to achieve the objectives of social and economic cohesion, environmental protection and security of supply. - Article 3(6) requires Member States to inform the Commission upon implementation of all measures adopted to fulfil public service obligations and to update them every two years of any changes to these measures. <p>Implementation:</p> <ul style="list-style-type: none"> - A number of public service obligations are already imposed on natural gas undertakings by the Gas Act 1986 and by the supply and transportation licences granted thereunder. These include obligations on undertakings to meet set standards of performance, establish customer complaints procedures and provide special services for elderly or disabled customers. An annex listing the PSOs is attached. - Conditions 37 and 38 of the Supply Licence already contain specific duties as regards the protection of vulnerable customers (i.e. those who are blind, deaf, of pensionable age, disabled or chronically sick). In addition, the regulator, the Gas and Electricity Markets Authority (Authority) publishes and updates social and environmental objectives that focus on reducing fuel poverty and improving energy efficiency through promotion of research and innovation, and best practice guidance for industry. SLC 40-44 Supply Licence require the licensee to ensure that contractual terms are transparent and clear and SLC 46 -47 require that customers are not charged for the 	
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		<p>termination of contracts on notice although reasonable charges may be imposed when a fixed term contract has been terminated, which might create cost not related to the change of supplier.</p> <ul style="list-style-type: none"> - As regards compliance with security of supply aspects of Article 3(4), there is already a requirement through its general transportation duties under section 9 of the Gas Act on Transco as operator of the National transmission System to ensure necessary network investment, SLC16 of its transportation licence requires investment to meet relevant security standards, and there are also relevant incentives under its price control to encourage Transco to build pipeline capacity. - As regards compliance with Article 3(6), Directive 98/30/EC already requires Member States to inform the Commission on measures taken to fulfil public service obligations. - However, a two yearly update will also need to be formally notified to the Commission should these measures change. 	Secretary of State as regards the reporting requirement.
4	Authorisation Procedure	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Where Member States have in place authorisation procedures for the construction or operation of natural-gas facilities, or for the supply of natural gas, Article 4 requires these to be conducted in accordance with objective and non-discriminatory criteria. Applicants shall be informed of the reasons for refusal to grant an authorisation and these reasons must be objective and non-discriminatory. The Commission must be notified of refusals and the applicant must have a right of appeal. <p>Implementation:</p> <ul style="list-style-type: none"> - The text has not changed from Article 4 of Directive 98/30/EC. 	
5	Monitoring of Security of Supply	<p>GB is largely compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 5 asks Member States to ensure the monitoring of security of supply 	

		<p>issues. A report outlining the findings and the measures taken, or envisaged as a result of the monitoring of these issues shall be published and forwarded to the Commission.</p> <p>Implementation:</p> <ul style="list-style-type: none"> - Monitoring of security of supply (including the specific areas outlined in detail in Article 5) is already carried out via regular reports produced by JESS (Joint Energy Security of Supply Working Group), National Grid Transco (“NGT”), the Authority and the Department. - However, it will be necessary to consolidate these various reports and forward them to the Commission. 	Secretary of State, as regards the reporting requirement.
6	Technical rules	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 6 requires Member States to ensure that technical safety criteria are defined and that technical rules are developed and made public. The technical rules shall be objective and non-discriminatory and shall be notified to the Commission. <p>Implementation:</p> <ul style="list-style-type: none"> - The present arrangements meet the requirements of this Article. The technical safety criteria and rules (e.g. the Gas Safety Management Regulations 1996 and the Gas (Installation and Use) Regulations 1998) are publicly available and have been notified to the Commission. 	
7	Designation of System Operators	<p>GB is largely compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 7 requires Member States to designate, or to require undertakings which own transmission, storage or LNG facilities to designate, one or more system operators. <p>Implementation:</p> <ul style="list-style-type: none"> - The Gas Act 1986 already establishes gas transportation (covering transmission and distribution) as a licensable activity, which equates to 	

		<p>designation as required by this Article. Storage (see proviso below) is dealt with by sections 19A and 19B of the Gas Act 1986 and sections 17C and D of the Petroleum Act 1998 and is also covered by the Gas Transporter Licence. LNG facilities are dealt with by 19C and D of the Gas Act 1986. However, the Directive's definition of storage facilities includes gas stored in liquefied form. Therefore, LNG storage, apart from temporary storage essential for production operations, needs to be included in the definition of storage facility in the Gas Act 1986 and the definition of LNG facility amended accordingly. A definition of LNG import facility is being substituted for the definition of LNG facility.</p>	<p>Secretary of State through Regulations – Sch 2 para 6</p>
8	Tasks of System Operators	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 8 outlines the tasks of the transmission, storage and/or LNG system operators. They shall be responsible for: operating, maintaining and developing transmission, storage and/or LNG facilities; ensuring non-discrimination between system users; providing them with the information they need for efficient access to the system; and providing other similar undertakings with sufficient information to ensure the secure and efficient operation of the interconnected system. Transmission system operators shall adopt rules for balancing the transmission system and shall procure the energy for the carrying out of their functions according to objective, transparent and non-discriminatory procedures. Member States may also require transmission system operators to comply with minimum requirements for the maintenance and development of the transmission system. <p>Implementation:</p> <ul style="list-style-type: none"> - Tasks of system operators are dealt with by the relevant sections of the Gas and Petroleum Acts (see entry for Article 7), and by the Gas Transporters Licence and the Network Code (for example SLC 4D of the Gas Transporters Licence which sets out rules on Conduct of Transportation Business). 	

9	Unbundling of Transmission System Operators	<p style="text-align: center;">GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 9 requires transmission system operators that are part of a vertically integrated undertaking to be independent at least in terms of legal form, organisation and decision making from other activities not relating to transmission. In order to ensure this independence, those persons responsible for the management of the transmission system operator may not participate in company structures of the integrated natural gas undertaking and must be capable of acting independently. Transmission system operators shall have effective decision-making rights with respect to assets necessary to operate, maintain and develop the network. They shall also establish a compliance programme and shall submit to the regulatory authority and publish an annual report setting out the measures taken to ensure non-discriminatory conduct. <p>Implementation:</p> <ul style="list-style-type: none"> - Condition 43 of the Gas Transporters Licence requires transport to be the licensee's sole business. The Licence also requires the licensee not to disclose confidential information outside the transportation business. Condition 40 outlines the terms of the appointment of a compliance officer. Condition 41 prohibits cross-subsides to and from any other business or undertaking outside the transport business and finally Condition 43 sets out terms for the financial ring-fencing of the transport business. 	
10	Confidentiality for Transmission System Operators	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 10 requires transmission, storage and/or LNG operators to preserve the confidentiality of commercially sensitive information and to make any disclosed commercially advantageous information available in a non-discriminatory manner. <p>Implementation:</p> <ul style="list-style-type: none"> - The confidentiality requirement is met by the common law of confidence, 	

		section 105 of the Utilities Act, provisions in the network code, Condition 39 of the Gas Transporter Licence, part V5 of Transco's Network Code, and by the terms of commercial contracts.	
11	Designation of Distribution System Operators	This is not applicable in GB as distribution is covered by the Transporters Licence.	
12	Tasks of Distribution System Operators	This is not applicable in GB as distribution is covered by the Transporters Licence.	
13	Unbundling of Distribution System Operators	This is not applicable in GB as distribution is covered by the Transporters Licence.	
14	Confidentiality for Distribution System Operators	This is not applicable in GB as distribution is covered by the Transporters Licence.	
15	Combined Operator	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 15 makes clear that the legal unbundling requirements on transmission and distribution system operators (as set out in Articles 9 and 13) shall not prevent the operation of combined transmission, LNG, storage and distribution system operators. They shall be independent in terms of legal form, organisation and decision making from other activities not relating to transmission, LNG, storage or distribution system operation. There will be no obligation to separate the ownership of assets of the combined system from the vertically integrated undertaking. Those persons responsible for the management of the combined system may not participate in company structures of the integrated natural gas undertaking and must be capable of acting independently. The combined system operators shall have effective 	

		<p>decision-making rights with respect to assets necessary to operate, maintain and develop the network. They shall also establish a compliance programme and shall submit to the regulatory authority and publish an annual report setting out the measures taken to ensure non-discriminatory conduct.</p> <p>Implementation:</p> <ul style="list-style-type: none"> - By meeting the requirements of Article 9, the GB system is fully compliant with the requirements of this Article as the Transporters Licence covers transmission, distribution and storage. 	
16	Right of Access to Accounts	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 16 requires Member States or any designated competent authority to have right of access to the accounts and to preserve the confidentiality of commercially sensitive information. <p>Implementation:</p> <ul style="list-style-type: none"> - Companies must comply with the provisions dealing with accounts in the Companies Act 1985. Section 19E of the Gas Act gives the Authority the right of access to the separate accounts of storage and LNG import facility owners. Section 38 of the Gas Act gives the Authority the power to require information from any licensee, which has breached, or which it suspects is in breach of licence conditions, certain statutory requirements and prescribed standards of performance. In addition, all but one of the standard gas licences require the preparation of regulatory accounts (shipping is a competitive activity that does not require monitoring of accounts for regulatory purposes). Section 105 of the Utilities Act 2000 also sets out general restrictions on the disclosure of information. 	
17	Unbundling of Accounts	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 17 requires natural gas undertakings to draw up, submit to audit and publish their annual accounts (which shall indicate in notes any transaction of 	

		<p>a certain size conducted with related undertakings), or if not legally obliged to do so, to keep a copy of the accounts at their head office. They are also required to keep separate accounts for their transmission, distribution, LNG and storage activities; and until 1 July 2007, separate accounts for supply activities for eligible customers and non-eligible customers. The audit of gas accounts shall verify that the obligation to avoid discrimination and cross-subsidies is respected.</p> <p>Implementation:</p> <ul style="list-style-type: none"> - Condition 30 of the Transporters Licence and Condition 52 of the Suppliers Licence outline the accounting and reporting arrangements for regulatory accounts including, where relevant, separate accounting provisions. Condition 44 of the Transporters Licence requires the licensee to hold sufficient resources to conduct its business. Condition 39 restricts the use of certain information and requires independence of the Transportation business. 	
18	Third Party Access	<p>GB is largely compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 18 sets out the requirement for a system of third party access to the transmission and distribution systems and to LNG facilities. It shall be based on published tariffs (whose methodologies or tariffs shall be approved prior to their entry into force), applicable to all, and applied objectively and without discrimination.¹ Transmission system operators shall, if necessary, have access to the network of other transmission system operators and the provisions of this Directive shall not prevent the conclusion of long-term contracts. <p>Implementation:</p> <ul style="list-style-type: none"> - As regards access to the transmission (and distribution) system, compliance 	

¹ The Commission's clarification on new infrastructure noted that "where there is a non-discriminatory and transparent auction procedure approved by the Regulator in conformity with this Directive, the Commission confirms that this represents regulated third party access within the meaning of the Directive."

		<p>is covered by the Transporters Licence and via the Network Code. Condition 4 of the Transporters Licence requires the licensee to obtain prior approval from the Authority before changing methodologies for system charging and requires all tariffs to be published. Condition 41 prohibits cross-subsides.</p> <ul style="list-style-type: none"> - To be fully compliant, we need to introduce a regulated access regime for interconnectors and LNG facilities. In order to do this, the Department introduced an interconnector-licensing regime through the Energy Act 2004. We are also amending section 19D of the Gas Act 1986 to put in place a regulated access regime for LNG import terminals. 	<p>Energy Act 2004 Secretary of State through Regulations</p>
19	Access to Storage	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 19 requires Member States to choose either negotiated or regulated third party access for access to storage facilities (including LNG storage), linepack and ancillary services, when it is technically and/or economically necessary for providing efficient access to the system. When providing negotiated access, Member States shall ensure that the main commercial conditions for the use of storage, linepack and ancillary services are published within the first six months following the implementation of this Directive and on an annual basis thereafter. When providing regulated access, Member States shall ensure that it is provided on the basis of published tariffs and/or other terms and obligations. <p>Implementation:</p> <ul style="list-style-type: none"> - The existing arrangements in the GB system meet the requirements of Article 19 in the case of access to storage facilities. The Gas Act 1986 and the Petroleum Act 1998 provide for a negotiated access regime for onshore and offshore storage. Access to ancillary services are already covered by the existing regulatory regime, either regulated where such services are included as part of transportation services or regulated separately (e.g. metering services) where more direct access to particular ancillary services as necessary. Although direct third-party access to line-pack is not currently 	

		<p>offered it remains part of Transco's regulated activities; Ofgem's recent balancing review concluded that direct regulated third party access to line-pack is not presently necessary under current arrangements for efficient access to the network.</p>	
20	Access to Upstream Pipeline Networks	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 20 asks Member States to take the necessary measures to ensure that natural gas undertakings and eligible customers are able to obtain access to upstream pipeline networks. In developing these measures, Member States shall take into account security and regularity of supplies, capacity which is or can be made available, and environmental protection. They shall also ensure that they have in place dispute-settlement arrangements. <p>Implementation:</p> <ul style="list-style-type: none"> - The text of Article 20 has not changed from the original text in Article 23 of Directive 98/30/EC. 	
21	Refusal of access	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 21 sets out the conditions under which natural gas undertakings may refuse access to the system: i.e. where there is a lack of capacity, where they would be prevented from meeting public service obligations and where there are serious economic and financial difficulties with take or pay contracts. Natural gas undertakings must give duly substantiated reasons for any refusal. Member States may take necessary measures to ensure that natural gas undertakings that refuse access make the necessary enhancements to the system if economic to do so, or if the customer is prepared to pay. <p>Implementation:</p> <ul style="list-style-type: none"> - Via general Section 9 duties of Gas Transporters and the Gas Transporters 	

		Licence and SLC 9 and 16, Transco (and other holders of Gas Transporter licences) have a duty to develop and maintain an efficient and economic pipeline system and is under an obligation to offer third party access under set terms and conditions.	
22	New Infrastructure	<p>GB is not compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 22 allows new interconnectors, LNG and storage facilities to be exempt from third party access provisions and from direct regulatory control of tariffs and tariff methodologies. The Article also allows exemptions for significant increases in capacity and for modifications to existing infrastructures to enable the development of new sources of gas supply. However an exemption will only be given when certain conditions are fulfilled and any exemption decision can only be reached after consultation with the interconnected Member State or the relevant regulatory authority. A decision to exempt must be notified to the Commission, who may request that the exemption be withdrawn or modified. There is a route of appeal to a committee comprising representatives from Member States. <p>Implementation:</p> <ul style="list-style-type: none"> - An interconnector-licensing regime has been introduced through the Energy Act 2004. Where an operator is granted an exemption certain conditions in the licence will be switched off. Further the exemption provisions in sections 19A and C of the Gas Act 1986 in respect of storage facilities and LNG import terminals and section 17C of the Petroleum Act 1998 in respect of offshore gas storage facilities are being amended. 	<p>Energy Act 2004 Secretary of State through Regulations Sch 2 paras 1 and 3 and Sch 3 para 1</p>
23	Market Opening and Reciprocity.	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 23 requires Member States to introduce supply competition in two progressive stages. The market is to be open to non-household customers on the implementation of the Directive and to all customers three years later. 	

		<p>In order to avoid imbalance in the opening of the market, Article 23 puts in place conditions for customers that are eligible in systems of different Member States.</p> <p>Implementation:</p> <ul style="list-style-type: none"> - The GB gas market has been fully open to competition since 1998. 	
24	Direct Lines	<p><i>GB is compliant.</i></p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 24 requires natural gas undertakings to enable supply to eligible customers through a direct line. Member States must lay down objective and non-discriminatory criteria for the grant of authorisations to build direct lines and duly substantiated reasons must be given for any refusal to authorise these. <p>Implementation:</p> <ul style="list-style-type: none"> - <i>The text of Article 24 has not changed from the original text in Article 20 of Directive 98/30/EC.</i> 	
25	Regulatory Authorities	<p>GB is largely compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 25 sets out the roles and responsibilities of regulatory authorities. Member States are required to designate one or more regulatory authorities that shall be wholly independent from the interests of the gas industry. They shall be responsible for ensuring non-discrimination, effective competition and the efficient functioning of the market. They shall have specific monitoring activities and shall publish an annual report on the outcome of these activities. They shall also be responsible for fixing, approving or modifying prior to their entry into force at least the methodologies used to calculate, or establish the terms and conditions for the connection and access to national networks and for the provision of balancing services. They shall act as a dispute settlement authority and shall issue a decision within two months of the receipt of a complaint (although this period may be 	

extended). Complaints shall be without prejudice to the exercise of rights of appeal under national law. Member States shall put in place appropriate mechanisms to avoid any abuse of dominant position and predatory behaviour and shall provide a yearly report to the Commission on these issues.

Implementation:

- The Utilities Act 2000 established the Authority with the function of a regulatory authority.
- There are specific conditions in the Gas Transporters Licence which cover the majority of the monitoring activities listed in relation to Article 25(1). Thus, in relation to monitoring of connections and repairs, the Authority has powers to arbitrate when third parties cannot come to an agreement with a gas transporter within a reasonable period on connections.
- The Authority's duties also include monitoring the number of faults and the impact on customers; cost information on maintenance costs under price controls; measures taken by gas transporter companies to manage risks of disruptions. In addition, gas transporter companies have specific standards of performance. Furthermore, although there is no explicit licence condition relating to the time taken to make connections and repairs, Transco's price control mechanisms do contain some output measures.
- Although the Authority does not have an explicit duty to publish an annual report on its monitoring activities, this requirement is implicitly met through the Authority's general monitoring duties. Overall, the Authority meets the requirements concerning the approval of methodology via specific conditions in the licences and sections of the Network Code.
- For 25(2), which requires ex-ante approval of at least the methodologies used to calculate connection and access tariffs to transmission and distribution and the provision of balancing services, GB is compliant, via Licence Condition 7A and B.
- Regarding the capacity to settle disputes referred to in paragraph 5, almost

		<p>all of the areas about which complaints may be submitted to the regulatory authority are covered by licence conditions. Under the GB regulatory regime, the Authority is obliged to issue a decision regarding any alleged breach of licence conditions or standard governance procedures under industry codes.</p> <ul style="list-style-type: none"> - However, the Authority does not currently monitor the rules on the management and allocation of interconnection capacity and nor does it have the ability to settle disputes in this area. This is addressed by the licensing regime for interconnectors in the Energy Act 2004. - With respect to 25(5), DTI is considering in consultation with interested parties the detail of conferring a dispute resolution function and procedure on Ofgem in stand-alone, implementing regulations. The regulations would relate to those activities of transmission or distribution system operators covered by this Article. The Regulations would set out a timetable in which Ofgem should issue decisions. - The Department considers that the Authority's duty to consult on most of those issues covered by 25(6) contributes to compliance with this Article. It is still considering, in consultation with interested parties, whether additional measures need to be taken. - The Competition Act 1998 and the Enterprise Act 2002 contain provisions that prohibit anti-competitive behaviour. The Department will need to provide a regular report to the Commission on these issues. 	<p>Energy Act 2004</p> <p>Secretary of State</p>
26	Safeguard Measures	<p>GB is compliant.</p> <p>Summary:</p> <ul style="list-style-type: none"> - Article 26 outlines the response the Government may take in the event of a sudden crisis in the energy market. Any measures taken by the Government must cause the least possible disturbance to the functioning of the internal market and must be notified to other Member States and to the Commission. <p>Implementation.</p> <ul style="list-style-type: none"> - The text of Article 26 has not changed from the original text in Article 25 of Directive 98/30/EC. 	

Annex	Measures relating to Household Customers	<p>GB is compliant:</p> <p>Summary:</p> <ul style="list-style-type: none"> - The Annex sets out in detail the measures that Member States must take in order to ensure the protection of at least household customers. Household customers shall have the right to a contract with their gas provider, they shall be given adequate notice of any intention to modify contractual conditions and they shall receive transparent information on applicable prices and on standard terms and conditions. They shall be offered a wide choice of payment methods and shall not be charged for changing supplier. They shall also benefit from transparent and simple procedures for dealing with their complaints. <p>Implementation:</p> <ul style="list-style-type: none"> - The present arrangements in the GB system meet the requirements of the Annex. Condition 42 of the Supply Licence requires natural gas to be supplied to customers under contract (the general content of contracts are covered by Contract Law). Condition 44 of the Licence requires that customers are notified of terms and conditions prior to entering into the contract and Condition 42 states that the contract must contain information on termination and notification provisions. Condition 43 sets specific obligations on suppliers as regards pricing information made available to customers and the methods of payment used and also requires suppliers to offer different payment methods. Condition 46 makes clear that customers may not be charged for the termination of contracts on notice, although reasonable charges may be imposed when a fixed term contract has been terminated, which might create costs not related to the change of supplier. Finally Condition 39 sets out the complaint handling procedures available to customers. 	
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