

Frequently asked questions on the Orders made after the Domestic Bulk Liquefied Petroleum Gas Market Investigation

This document was published on 6 May 2009 and replaces a similar document that was published on 13 October 2008. It is not part of either the Domestic Bulk Liquefied Petroleum Gas Market Investigation Order or the Domestic Bulk Liquefied Petroleum Gas Market Investigation (Metered Estates) Order and does not have any legal force or effect but is intended as a guide for customers to the main changes as a result of our investigation into the domestic bulk LPG industry. More detailed information can be obtained from the website at: www.competition-commission.org.uk.

1. How do I know if the changes will apply to me?

The changes apply to domestic customers who obtain their LPG from their own dedicated tank from 13 April 2009. If your tank is shared with other domestic customers (a situation that we refer to as a ‘metered estate’) the key changes will apply from 6 November 2009. There is no change for customers that rely on LPG cylinders instead of bulk tanks because we did not investigate that different market.

2. The owner of my holiday park buys bulk LPG and sells it to the residents, including me. Can I switch supplier?

No. The contract that the owner of the holiday park has with the LPG supplier is a commercial arrangement. For this reason the owner of a holiday park (where the majority of homes are let on a temporary basis) will not be able to rely on the changes we have made to request to switch supplier. If the majority of residents live there permanently then the owner of the holiday park will be able to request to switch supplier. In either case, because the LPG supplier has a contract with the owner of the holiday park, the residents themselves cannot request to switch their supplier. The contract that residents have with their holiday park owner may have further information on whether residents have any influence on the holiday park owner’s choice of supplier.

It would be unusual for the residents of a holiday park to have a contract with an LPG supplier (instead of a contract with the holiday park owner). However, if you do and the majority of homes on the holiday park are let on a permanent basis, then you may request to switch supplier.

3. How do I switch supplier?

For customers with *dedicated tanks* that wish to switch supplier then you can contact either your existing supplier or the new supplier to tell it that you want to transfer your tank and terminate your contract (if you have a contract).

If you are a *metered estate* manager (this is the person that holds the contract with an LPG supplier for all the LPG that is supplied to the metered estate—often the owner of a holiday park) then you can write to your existing supplier to request to switch to another supplier. Where you are one of a number of customers on a metered estate that have individual contracts with an LPG supplier, then all customers need to have finished any exclusivity period contained in their contract and agree unanimously to switch before you can write to your existing supplier.

A new supplier is not obliged to provide LPG to any new customer that approaches it and there may be a number of reasons why it cannot supply LPG to a particular customer (for

example, it may not supply bulk LPG in your area). It would be sensible to check with a new supplier if it is interested in supplying you before you ask for your existing contract to be terminated. For a metered estate you need to name the new supplier when you write to your existing supplier so it knows who to begin negotiating with.

The suppliers in your area can be found on the website www.uklpg.org.uk. Your existing supplier is required to provide information to you on when and how you can switch supplier and refer you to the contact details for the LPG industry trade association (UKLPG). This information will be provided with new contracts and all invoices will include contact details for more information.

4. I want to switch supplier but I have signed a contract with my existing supplier. Can I switch anyway?

If your contract has an exclusivity period of supply in it then you will not be able to switch for free. Where you have an exclusivity period in your contract then you will often have the option of paying a fee for terminating the contract early (and then being in a position to switch supplier), otherwise you can wait until the exclusivity period expires. Where you are unable to negotiate to buy out your remaining exclusivity period then you will need to wait until that exclusivity period expires.

We have limited the maximum time a supplier may restrict a customer from switching to another supplier to two years. In addition, a contract shall not require a notice period to terminate that contract which is greater than 42 days (if you agreed to an exclusivity period of two years and you wanted to switch at the end of that time, then you could give the notice just before the two years is complete so your notice has effect at the end of the two years).

These maximum periods apply to all contracts with customers. For example, if you signed a contract on 1 January 2008 and it states that you are required to continue to purchase LPG from that supplier until 31 December 2012 (five years) the exclusivity period of the contract is not enforceable by the supplier after 31 December 2009 (two years). In this example you are permitted to give notice to your supplier no more than 42 days before the due expiry date, that you want to terminate your contract (or request to transfer if you are on a metered estate) with effect from 1 January 2010.

Nothing we have imposed makes your entire contract void, only unenforceable in respect of any exclusivity period that exceeds two years. This means that your existing contract continues to be valid unless terminated by you after two years of exclusivity period or some other term of the contract permits termination by either party for some other reason.

5. On our metered estate some people have exclusivity periods in their contracts and others don't. Can we switch supplier?

Before you can switch supplier all customers must agree unanimously and not have any remaining exclusivity period in their contract. However, those customers with exclusivity periods can often pay a termination charge to end the exclusivity period with their supplier so all customers are in the same position (if you or one or more of the other residents do not have the option of buying out your exclusivity period then you or those other residents will need to wait until it expires). Once there are no exclusivity arrangements then you can request to switch supplier (where you all agree to do so).

6. How much will it cost me to switch supplier?

Where there is no remaining exclusivity period then there should be no charges payable to your existing supplier for switching. Suppliers cannot impose any charges for transferring or

removing LPG infrastructure. However, if a contract has any remaining exclusivity period then a contract may provide that some reasonable charges are payable before the contract can be terminated.

A new supplier may incur cost when entering a supply arrangement with a new customer (for example, it may need to replace a tank or service pipework if it thinks that it is unsafe). That supplier might pass on those costs (either as part of the LPG unit price or as a stand-alone charge) and or impose an exclusivity period to recover that cost. How much these costs are and how they are passed on is a matter for you to agree with the new supplier. New suppliers generally want to encourage new customers but it might be that different suppliers charge different amounts and you may benefit from comparing suppliers.

7. How long will it take to switch supplier once I have contacted a new supplier and do I need to tell my existing supplier?

The process is slightly different if you have your own dedicated tank compared to if you live on a metered estate. If you have your own dedicated tank you can notify either or both of your new supplier and existing supplier that you want to terminate your existing contract, although we recommend that you write to both suppliers. Once a supplier has received your letter that you want to terminate your contract the tank should normally be transferred within 28 days. If the new supplier thinks that a new tank is necessary then it might take up to 42 days before the new agreement is in place. Where a new tank is being put into a new position, then the time taken to undertake related earthworks are not included within the time limits.

If you are the metered estate manager or a customer living on a metered estate then you need to write to your existing supplier to request to switch supplier (where there are a number of customers on the same metered estate you need to agree unanimously to switch). When you write you will need to say who the new supplier is going to be. The process for switching a metered estate can often be complex and the suppliers may need to agree a number of issues including the price the new supplier will pay the existing supplier. The suppliers have almost five months to agree to the terms of the transfer between themselves. Where the new supplier does not think that they will be able to agree then they can request that an arbitrator helps them to reach agreement. Where an arbitrator is involved then it may take a lot longer before the metered estate is transferred. When the suppliers agree on the transfer you will still need to give notice to your existing supplier to terminate your contract so that it ends at the same time that the new supplier takes over the supply. Generally, the larger and more complex the metered estate, the longer the switching process is expected to take.

8. If there is an emergency who do I call?

You should always contact the emergency telephone numbers that are displayed on or near your LPG tank.

9. What will happen to the LPG tank if I switch supplier?

Most LPG tanks in the UK are owned by the supplier that fills them up because they are legally required to maintain the tank so it is safe to fill with LPG. For this reason, when most customers switch supplier the tank will stay where it is and the new supplier will take ownership and responsibility for it. If you want your old tank to be taken away you can ask your existing supplier to do this (for no charge).

Some suppliers prefer only to fill tanks that they have installed and so they may want to replace the tank before they begin to supply you. If that is the case then you will need to ask

your existing supplier to remove its tank before the new supplier can install its own (if you own the tank you will have to negotiate with the new supplier to either remove it or purchase it from you at whatever price you both agree). If your new supplier wants to buy the tank from your existing supplier then your existing supplier must sell it to them according to the rules we have set out. For metered estates the suppliers can only agree to transfer the LPG infrastructure and associated land interests.

10. I live on a metered estate but I have my own 'mini-bulk' tank. Can I switch supplier?

Yes. If you have a mini-bulk tank that only supplies your house and you have a contract with an LPG supplier, then you can request that your tank is transferred to a new supplier. However, if you have your own mini-bulk tank and your metered estate manager charges you for the LPG that you use (ie you don't have a contract with the LPG supplier that delivers LPG to your tank) then only your metered estate manager has the right to decide whether to switch supplier. Your contract with your metered estate manager might have further information on how you can ask them to change their LPG supplier.

11. My house is connected to a metered estate but I want my own 'mini-bulk' tank instead. Can I make my supplier disconnect me?

Yes. You can ask your supplier to disconnect you from the LPG supply so long as it is not impractical or somehow jeopardizes the ongoing supply of LPG to the rest of the metered estate (assuming you don't have a contract that still has a valid exclusivity period). Your supplier cannot charge you for disconnecting your house. Before you organize to be disconnected you will want to talk with a new supplier about whether it would be interested to connect your house to its own mini-bulk tank. In some situations it might be dangerous or impractical to install a new tank.

12. We have a residents association on our metered estate. Can they organize to switch our supplier?

Yes. Where a residents association or another similar type of organization represents your metered estate collectively then they can make a request to switch supplier on behalf of all of you. Your supplier might want to check that the organization actually represents all of you, and a letter that has all your names and signatures should be sufficient to show this. Where you don't have an organization like this already, you might want to create one to make it easier to switch supplier. In some instances the organization might only represent some of the residents on the metered estate. Where this is the situation then the organization will need to coordinate with the remaining customers on the metered estate to ensure that there is unanimous agreement from all the LPG customers to switch LPG supplier.

13. Who do I complain to if I have a disagreement with my supplier?

There is no regulation or requirement that a customer must agree to a contract with an exclusivity period. If you feel that your supplier has pressured or misinformed you to agree to a contract, has overcharged you or been unfair in some way then you should call **Consumer Direct** on 08454 04 05 06 or see its website: www.consumerdirect.gov.uk.

Should you have a complaint about an energy company which the company is unable to resolve, the Energy Ombudsman may be able to help. Further information about the **Energy Ombudsman** is available from the website www.energy-ombudsman.org.uk or by calling 0330 440 1624.

Consumer Focus is the statutory organization campaigning for a fair deal for energy consumers in England, Wales and Scotland. If you would like to know more about its work on LPG and energy, please contact Andrew.Hallett@consumerfocus.org.uk.

General advice about consumer issues is also provided by your local **Citizens Advice Bureau**, contact details can be found on its website at: www.citizensadvice.org.uk.