

Explanatory note

[This Note is not part of the Order]

Introduction

1. The CC published its final report on Domestic Bulk LP Gas on 29 June 2006.¹ In summary, the report set out the CC's findings that there are features of the markets for the supply of domestic bulk liquefied petroleum gas in Great Britain and Northern Ireland which adversely affect competition in the UK and that the large majority of customers in the market are paying higher prices than would be the case if these features did not exist.
2. In the light of its findings the CC has decided on a package of remedies, to address the adverse effect on competition and the consequential detrimental effects on customers. This Order gives effect to those remedies.

Structure of the Order

3. The Order begins with article 1 which identifies its title, when it comes into force and to whom it applies. It then divides into two Parts. Part I applies to the supply of domestic bulk LPG other than to metered estates. It contains sections dealing with the following matters:
 - (a) Section A contains definitions and interpretation provisions which are used throughout Part I of the Order.
 - (b) Section B deals with a customer's right to request a tank transfer and the general principles which apply to a tank transfer and a tank uplift.
 - (c) Section C describes the tank transfer process requirements and deals with notices, statements of eligibility, tank transfer valuation, emergency cover, telemetry equipment and the tank transfer time limit.
 - (d) Section D describes the tank uplift process requirements.
 - (e) Section E describes the switching process time limit.
 - (f) Section F deals with customers and the changes to customer contracts in terms of notice and exclusivity periods.
 - (g) Section G deals with suppliers' obligations to provide information to the public about their industry and the switching process.
 - (h) Sections H and I deal with the role of the OFT in monitoring compliance with the Order and the powers of the CC respectively.
4. Part II of the Order applies to the supply of domestic bulk LPG to metered estates exclusively. This part is self-contained and freestanding with its own definitions and provisions. Metered estates have unique features which prevent a straightforward application to them of the tank transfer and tank uplift process requirements contained in Part I. Part II contains sections dealing with the following matters:

¹www.competition-commission.org.uk/rep_pub/reports/2006/514lpg.htm.

- (a) Section A contains definitions and interpretation provisions which are used throughout Part II of the Order.
 - (b) Section B deals with a metered estate customer's right to request a metered estate tank transfer and the general principles which apply both to metered estate tank transfer and to metered estate tank uplift.
 - (c) Section C describes the requirements involved in the process of a metered estate customer switching supplier, including both using metered estate tank transfer and using metered estate tank uplift and deals with notices, metered estate tank valuation, emergency cover and telemetry equipment.
 - (d) Section D requires metered estate suppliers to provide more information to the public about their industry and the switching process.
 - (e) Sections E and F deal with the role of the OFT in monitoring compliance with this Order and the powers of the CC respectively.
5. The CC seeks to avoid placing undue burdens on business. The CC has borne this in mind in preparing this Order. It has not sought to provide for every possible situation which might arise, for example, in the tank transfer or tank process requirements. It recognizes that the industry has the integrity to deal with a situation where a timetable cannot be met due to local flooding just as it espouses the general principle of maintaining continuity of supply. If the domestic bulk LPG industry wished to agree a process governing tank transfer or switching more generally, perhaps by developing a code of practices under the auspices of an industry trade association, it would be free to do so.
6. This Order comes into force on *[insert date nine months from date of the Order]*. It is not intended that there should be any further transitional period in relation to any of the provisions contained within the Order. The CC considers that, especially taking into account the time taken in preparing this Order, suppliers have had ample time in which to prepare for compliance.
7. The rest of this Explanatory Note deals in detail with each of the articles in the draft Order.

Part I

Supply of domestic bulk LPG other than to metered estates

Section A: Interpretation

Definitions and interpretation

8. Article 2 defines various terms which are used in Part I of the Order and also applies the Interpretation Act to those terms which are not defined.

Section B: Tank transfer and uplift general provisions

The right to request a tank transfer

9. Article 3 gives a customer a right to request his existing supplier to transfer the tank and the service pipework which are owned by the existing supplier and used to

supply the customer to the new supplier. This is not an unlimited right; it is subject to the conditions and exceptions stated in the Order. For example, a customer must be eligible to switch supplier (ie not bound by any remaining exclusivity period in his contract). It is not the case that the new supplier is obliged to purchase the tank and it is possible that a new supplier may not want to purchase the tank. If the new supplier does not want to purchase the tank, then the existing tank is uplifted and replaced with a new one. Where the existing supplier does not own any of the equipment used in supplying the customer, that equipment is not covered in the tank transfer process. For example, if the service pipework is owned by the customer, the service pipework will not transfer to the new supplier using the tank transfer process and will remain the property of the customer unless the new supplier makes other arrangements with the customer to take ownership of it.

10. The customer's right to request a tank transfer applies only in situations where there is a tank already in situ, being used to supply the customer with LPG, and where that tank is owned or controlled by the customer's existing supplier. The customer does not have a right to request a tank transfer where the tank being used to supply the customer with LPG is owned by the customer. In situations where the customer owns the service pipework used to supply him or her with LPG but does not own the tank, the customer does have a right to request a tank transfer.

General principles for tank transfer and tank uplift

11. Article 4 provides that tank transfers and uplifts must be carried out in compliance with the Order, expeditiously and safely. The Order does not prescribe the specific safety requirements: these are already contained in the relevant legislation and the Order does not create any new situation which is not currently provided for. A supplier is also required to use all reasonable endeavours to ensure that continuity of LPG supply to the customer is maintained throughout the switching process.

Section C: The tank transfer process requirements

Notices

12. The tank transfer process is represented by the flow chart in Annex 1. The process begins when the customer notifies the new supplier of his proposal to terminate his existing contract and request a tank transfer (Article 5). The new supplier has to notify the existing supplier of each of those proposals.

Statements and documents

13. A customer cannot switch supplier unless the customer is eligible to do so or is deemed to be eligible. Article 6 requires the existing supplier to provide the new supplier with a statement of eligibility confirming whether or not the customer is eligible to switch and copies of certain documents such as those held under the PSSR² at the same time. The existing supplier should also give the new supplier information about the service pipework, including, for example, information about its age, if this is readily available. If the existing supplier does not have that information the existing supplier must notify the new supplier accordingly. If the existing supplier's statement of eligibility to switch shows that the customer is not eligible to switch, it must also send to the customer a copy of the customer's contract. This must be accompanied by a clear statement of when the customer will become

²SI 2000 No 128.

eligible to switch, so that the customer does not have to search the contract for this information.

14. Article 6 also requires the existing supplier to provide the new supplier with a statement of whether or not the customer owns the tank. Customer ownership of tanks is not common, but where it does exist, tank transfer or uplift is not possible. Where this statement shows that the customer owns the tank, the existing supplier is required to send the customer documentary evidence of this as it is assumed that a customer who has requested tank transfer may not realize that he or she is the owner of the tank. It is important that the requirement on the existing supplier is to tell the new supplier and the customer whether the customer owns the tank or not. Provided that the customer does not own the tank, the presumption is that the tank is capable of being transferred. It is not the case, for example, that a tank leased by a supplier from a third party would, because of this, not be capable of transfer.
15. In addition, if the customer is eligible to switch and if the customer is not the owner of the tank, article 6 requires the existing supplier to provide to the new supplier a set of documents that relate to the tank. The existing supplier is required to provide these documents if they are in its control. The documents need not be in the possession of the existing supplier: they may, for example, be held by a third party storage company, but if they are controlled by the existing supplier they must be provided.

Tank transfer and valuation

16. Under article 7, the new supplier has to notify the existing supplier whether he wants to buy the tank. If he does and the parties cannot agree on the price through negotiation, then the price of the tank is determined by the relevant formula as set out in Schedule 2 to the Order depending on whether the tank is situated above the ground or in the ground. A worked example of a valuation of a tank using the formula can be found in Annex 2. The new supplier can decide not to buy the tank if he is not content to pay the formula price and cannot reach an agreement with the existing supplier on a different price. However, if the new supplier wishes to purchase the tank and is prepared to pay the price determined by the relevant formula, the existing supplier must sell the tank at that price. The tank valuation formula does not include service pipework and there should be no additional charge made by the existing supplier for service pipework. In addition, it is made clear that when a tank and its service pipework are transferred, the existing supplier cannot charge the customer for any costs connected with the transfer. There is no restriction on the new supplier charging the customer in connection with the transfer. If, for any reason, the new supplier decides not to purchase the tank, it must notify both the existing supplier and the customer as soon as possible of this and of its intention to begin a tank uplift process. If the new supplier decides not to purchase the tank, then a process of tank uplift begins, as if the customer had requested a new tank.
17. Where the service pipework is owned or controlled by the existing supplier, ownership of the service pipework will transfer to the new supplier with the tank itself upon completion of the tank transfer process. Where the service pipework is the property of the customer, ownership of the service pipework will not automatically transfer to the new supplier upon completion of the tank transfer pipework. It will be for the new supplier to negotiate the acquisition of the service pipework with the customer if it so wishes.

Emergency cover

18. Article 8 provides that the supplier who is supplying LPG to the customer at the time the request for emergency cover is made shall respond to requests for emergency cover made at any time up to 14 calendar days from the date of purchase of the tank. This is consistent with the definition of supplier in the GSIUR 1998. The article does permit the possibility of the supplier making arrangements for another person to respond on his behalf, which is also consistent with the GSIUR 1998. Where at the time of the request the supplier who is responsible for emergency cover is the existing supplier, then the new supplier is required to reimburse the existing supplier for his reasonable costs of responding to, or making arrangements for another to respond to, any request for emergency cover.

Telemetry equipment

19. Article 9 makes provision for the treatment of telemetry equipment that is attached to the tank. It provides for the existing supplier to remove any such equipment in the period up to and including 14 days after the date of purchase of the tank by the new supplier. Thereafter, it provides for the new supplier to remove any such equipment and hold it for collection by the existing supplier. This provision does not cover telemetry equipment that is not attached to the tank, for example that which is installed in the customer's house.

The tank transfer time limit

20. Article 10 requires that the time taken from the receipt by the existing supplier of notice of the customer's proposal to terminate his contract and the date of purchase by the new supplier of a transferred tank must be no more than 28 calendar days. However, article 10 also provides that if the tank needs to be resited and the customer's consent to undertake such works has been obtained, then the number of days taken to complete such work shall be disregarded for the purpose of calculating compliance with the time limit.

Section D: The tank uplift process requirements

Notices and statements

21. The tank uplift process requirements are similar to the tank transfer requirements but are not as extensive owing to the fact the tank is being replaced. The process begins with the receipt by the existing supplier of either a notice under article 11 or, if notice has been given under article 5 with a request for tank transfer, notification under article 7(3) that the new supplier decided not to purchase the tank.
22. Article 12, which requires the existing supplier to provide a statement of eligibility to switch using a tank uplift process, is not intended to apply where a tank transfer process was aborted as a result of the customer not being eligible to switch.

Tank uplift

23. If the customer, on proposing to switch supplier, indicates that he or she would like to have the existing tank uplifted, the supplier begins a tank uplift process in accordance with article 12.

Tank uplift time limits

24. The tank uplift time limit is 28 calendar days beginning on the receipt by the existing supplier of notice of the customer's proposal to terminate his contract and have a new tank installed, and ending on the completion of the installation of the new tank. However, if the customer initially requests a tank transfer, only for the new supplier to decide not to purchase the tank, the suppliers will begin a tank transfer process and then shift to a tank uplift process when the new supplier has given notice under article 7(3) that it has decided not to purchase the tank. In this case, the switching process may take up to 42 calendar days, unless the new supplier has the written consent of the customer for a longer period or unless the customer needs to undertake work in connection with resiting of the tank (see article 13(2)). This allows time for the tank transfer process to run almost to its end only for the new supplier to decide not to purchase the tank and then to shift to a tank uplift process.

Tank uplift charges

25. Article 14 provides that the existing supplier shall not charge the customer or the new supplier with any costs connected with the tank uplift.

Section E: The switching process time limit

The overall limit

26. Article 15 provides that the overall limit in both cases between the existing supplier receiving notice of the customer's proposal to terminate and the date of purchase of the tank by the new supplier or the installation of a new tank shall be no more than 42 calendar days unless the customer has agreed in writing that the time limit can be exceeded. This leaves scope for the suppliers to work through a tank transfer process (which can take no more than 28 calendar days to complete) but for the new supplier to decide at a late stage that it does not wish to purchase the tank and then to switch to a tank uplift process (which it would then be possible to complete within 14 days, some of the procedure, for example in relation to eligibility to switch, having already been completed as part of the tank transfer process). Annex 2 provides a worked example showing how a tank transfer process could be followed by a tank uplift process. The time taken from the switching process is calculated from the time that the existing supplier receives notice of a customer's proposal to terminate his contract and switch to another supplier, regardless of whether the existing supplier receives this notice from the new supplier or directly from the customer.

Section F: Customers

Customer contracts

27. Article 16 provides for changes to customer contracts. Notice periods cannot be longer than 42 days and any exclusivity period included in a contract cannot be longer than two years. This article applies to any contract that is in force after the Order comes into force, whether that contract was entered into before the Order came into force or after. Any part of an exclusivity period that has elapsed before the Order comes into force is counted as part of the exclusivity period. This means that if a contract contained a four-year exclusivity period 19 months of which had expired before the Order came into force, that 19 months would be included in the two-year limit, so that the customer would be free to switch five months after the Order came into force. A customer that had entered into a contract containing a four-year

exclusivity period 30 months of which had expired before the Order came into force would already have had more than the two years maximum exclusivity period elapse before the Order came into force and would therefore be eligible to switch from the time that the Order came into force. A customer that had entered into a contract involving two separate exclusivity periods, each of 12 months, both of which had expired the Order came into force would also be eligible to switch from the time that the Order came into force. Contracts entered into after the Order comes into force must not contain an exclusivity period of more than two years. However, if a customer has a contract containing a two year exclusivity period and which has expired, there is nothing to stop the customer entering into a new contract with the same supplier that contains a further exclusivity period, for example if the supplier offers a lower price in return. A supplier is free to include an exclusivity period of less than two years in a contract, and may choose to have no exclusivity period in its contracts if it so wishes.

28. A supplier must also provide to every customer with every contract a document containing a description of the switching procedure, the date on which the customer will become eligible to switch details of the supplier and his association's websites and guidance as to how the customer may establish his eligibility to switch. A supplier must also ensure that any invoice sent to a customer contains a statement of the amount of LPG delivered to the customer and the price payable in pounds sterling and pence per litre.
29. Article 16 provides that where a new tank has been installed without a tank having been uplifted (ie where the customer is new to LPG), the exclusivity period begins on the date the tank was installed. This is because it is possible, for example where a supplier agrees with a developer to become the supplier for new houses, that the contract will begin substantially before any LPG is supplied and any revenue is earned. Where a tank is transferred or uplifted, the exclusivity period begins on the date on which the contract comes into force.

Section G: Suppliers' obligations to provide information

Industry trade association information

30. Suppliers must ensure as far as reasonably practicable that their trade associations make available on their websites (if such exist), and by means of a telephone enquiry point, details of their supplier members, the areas they serve and their contact details (article 17). 'Industry trade association' is defined in article 2 as meaning any association representing suppliers of Domestic Bulk LPG in the UK and includes the LP Gas Association and the Association of Liquid Gas Equipment Distributors or any successor body. It is envisaged that the association will be an association of suppliers in their capacity as suppliers of Domestic Bulk LPG and not in any other capacity, for example as road hauliers.

Information on invoices

31. Suppliers must include on their customer invoices a statement that further information on the LPG industry can be obtained from their association's website and telephone enquiry point and directions so that the customer can access both the website and the telephone enquiry point (article 18). Suppliers are also obliged to include on the invoice a statement of the price that the customer has paid for the gas to which the invoice relates in pounds and pence per litre.

Eligibility to switch

32. Suppliers must notify their customers in writing that they are free to change their supplier within one month of the customer becoming eligible to switch (article 18). A customer is eligible to switch from the later of the date on which this Order comes into force or the end of the customer's exclusivity period, provided that the customer's exclusivity period does not exceed two years in total (taking account of any exclusivity period that has elapsed before the Order comes into force).

Information about switching

33. Article 19 requires suppliers to provide customers with information about switching, including information about possible charges and costs for example, from a telephone enquiry point during normal working hours. Any information required to be made available from a telephone enquiry point may also be made available from a website. A supplier must provide customers with information about the possible charges that it might levy on the customer for switching (eg if the supplier allows the customer to switch before the expiry of any exclusivity period), but does not have to inform the customer about any charges that other suppliers might levy on the customer for switching. This article should not be taken to imply that an existing supplier may charge a customer for switching away from it once the customer is eligible to switch (which is prohibited by article 16(3)). However, a supplier may charge a customer for switching away during any exclusivity period and these charges should be made clear to the customer.

Section H: The OFT

Provision of specified information

34. The OFT will have an important role in monitoring compliance with this Order. In order to do so effectively it will need specific information about, for example, the number of tank transfers taking place in any given period. Article 21 and Schedule 4 describe the requirements to provide the OFT with information, which suppliers must meet.

Section I: The CC

35. Article 22 provides that the CC can give directions for the purposes of securing compliance with the Order.

Part II

Supply of domestic bulk LPG to metered estates

36. In its report the CC had to consider whether the supply to metered estates could be regarded as within the terms of reference. It concluded that supply to metered estates can be divided into two main categories. The first category comprises supply by suppliers direct to domestic customers. The second category comprises supply by suppliers to a third party (for example, an estate owner), who then supplies those customers. These two categories can each be further subdivided into:

- (a) supply to housing estates;

- (b) supply to mobile homes, used as permanent residences (known as ‘park homes’); and
 - (c) supply to leisure sites open only part of the year.
- 37. The CC concluded, first, that suppliers delivering gas to fixed storage tanks for distribution by an intermediary fell within its terms of reference where the LPG is intended ultimately, whether directly or indirectly, for domestic use, and second, that the supply by an LPG supplier to an intermediary park-owner of a leisure site did not fall within its terms of reference.
- 38. Part II of the Order provides for metered estates exclusively. Article 23 defines those metered estates which fall within the CC’s terms of reference but excludes those which do not. The Order applies only to metered estates on which LPG is used solely for domestic use. The Order does not apply to metered estates that include commercial customers.
- 39. Metered estates present considerable practical problems which prevent a straight forward application of the tank transfer and tank uplift process requirements to them. These problems include:
 - (a) the relationship between the customer and the supplier;
 - (b) the relationship between the customers on the metered estate, for example how the estate is managed;
 - (c) the ownership of the metered estate tank and the interconnecting pipework; and
 - (d) the existence of easements and other rights of way for service pipework and service access.
- 40. The CC does not have the legal powers to resolve many of these practical problems in the Order. It cannot, for example, require suppliers to set up a scheme for balloting customers of a metered estate so that if a majority want to switch supplier but a minority do not, then the metered estate can switch.

Section A: Interpretation

Definitions and interpretation

- 41. Article 23 defines the various terms which are used in Part II of the Order. It also applies the Interpretation Act to those terms which are not defined. Article 2 of Part I of the Order (Interpretation) does not apply to this Part of the Order.

Section B: metered estate tank transfer and metered estate tank uplift general provisions

The right to request a metered estate tank transfer

- 42. Article 24 gives a metered estate customer the right to request that his existing supplier transfer the tank or tanks which are owned by the existing supplier and used to supply the customer to the new supplier. This is not an unlimited right; it is subject to the conditions and exceptions stated in this Part. For example, the customer must be eligible to switch (ie not bound by any remaining exclusivity period in his contract). The customer must also have the necessary authorizations to switch supplier (for

example, from other residents on the estate or members of the management company board). Where the existing supplier does not own any of the equipment used in supplying the customer, that equipment will not transfer to the new supplier as part of the tank transfer process. Service pipework on metered estates is not covered by the tank transfer process. The customer's right to request a tank transfer applies only in situations where there is a tank already in situ, being used to supply the customer with LPG, and where that tank is controlled by the customer's existing supplier.

General principles for metered estate tank transfer and metered estate tank uplift

43. Article 25 provides that tank transfers and uplifts must be carried out in compliance with the Order, expeditiously and safely. The Order does not prescribe the specific safety requirements: these are already contained in the relevant legislation and the Order does not create any new situation which is not currently provided for. A supplier is also required to use all reasonable endeavours to ensure that continuity of supply to the customer is maintained throughout the switching process.

Section C: metered estate switching process requirements

Notices

44. Article 26 sets out that the metered estate switching process begins when a metered estate customer, either directly or through his chosen new supplier, gives notice to his existing supplier of his desire to terminate his contract with the existing supplier and switch to a new supplier. That notice may be accompanied by a request for that the tank or tanks used in supplying that customer are transferred in situ from the existing supplier to the new supplier. If the customer gives notice to the existing supplier via the new supplier, the new supplier is obliged to notify the existing supply of that, and any request for tank transfer, as soon as is reasonably practicable and in any event no later than three working days after he has received that notice from the customer.
45. Article 26 places a general obligation on metered estate suppliers to use their reasonable endeavours to enable a metered estate customer who wants to switch, and who is eligible to switch and who has the necessary authorization, to do so. If the existing supplier does not consider that the customer is eligible to switch, he must send the customer a copy of his contract. If at any point in the process the new supplier decides not to purchase the tank, he is required to notify the existing supplier and the customer as soon as is reasonably practicable.

Statements and documents

46. If an existing supplier receives notice that a customer wishes to switch and has requested a tank transfer, article 27 requires him to provide to the existing supplier with a statement of eligibility confirming whether or not the customer is eligible to switch and a statement of ownership of the tank, stating whether the metered estate tank is owned by the existing supplier. It is not the case that a tank leased by a supplier from a third party would, because of this, not be capable of transfer. If the new supplier notifies the existing supplier that he wishes to purchase the tank, the existing supplier has five working days from the date of receiving that notification in which to provide the existing supplier with a set of documents that relate to the tank. The documents need not be in the possession of the existing supplier; they may, for

example, be held by a third party storage company, but if they are controlled by the existing supplier they must be provided.

Metered estate tank transfer and valuation

47. Article 28 places a general obligation on the existing supplier and the new supplier to use their reasonable endeavours to enable a customer to switch using a tank transfer process, if this is what the customer has requested. If the existing supplier and the new supplier are unable to agree on a price for the tank within a reasonable period of time article 28 also states that the tank valuation formula set out in Schedule 3 to the Order will be used to determine the price of the tank. However, the tank valuation formula in the case of metered estates does not cover service pipework and, because of the range of service pipework configurations that exist on metered estates and because of their complexity, no formula is included for the valuation of service pipework. It is envisaged that tank transfer will only occur on metered estates where the existing supplier and the new supplier can reach agreement on transfer of the service pipework, notwithstanding that they are under an obligation to use their reasonable endeavours to do so.
48. If the new supplier purchases the tank he is required, as soon as reasonably practicable after the date of purchase, to tell the customer that ownership of the tank has now transferred and to make the necessary changes to signage.
49. The complexity of metered estate installation, and in particular the range and complexity of the service pipework associated with these installations, mean that it is not practicable to require metered estate suppliers to complete a tank transfer process within a particular timescale. Accordingly, this Part does not contain time limits for tank transfer or for the switching process overall.

Emergency cover

50. Article 29 places a general obligation on the existing supplier and the new supplier to use their reasonable endeavours to ensure continuity in the provision of emergency cover. The additional complexities of supply to metered estates, and the fact that this Part (unlike Part I) does not cover transfer of service pipework, means that a greater variety of arrangements in relation to tank transfer are possible, making it inappropriate for this Part to place any more specific obligations on suppliers in respect of emergency cover.

Telemetry equipment

51. Article 30 places a general obligation on the existing supplier and the new supplier to use their reasonable endeavours to arrange for the removal of any telemetry equipment belonging to the existing supplier from the tank, if the tank is purchased by the new supplier. Again, because of the variety of and complexity associated with telemetry equipment for metered estates it is not appropriate to place any more specific obligations on suppliers in this respect.

Section D: metered estate suppliers obligations to provide information

Industry trade association information

52. Article 31 sets out that suppliers must ensure as far as is reasonably practicable that their trade associations make available on their websites (if such exist) and by means

of a telephone enquiry point, details of their supplier members, the areas they serve and their contact details. 'Industry trade association' is defined in article 23 as meaning any association representing suppliers of domestic bulk LPG in the UK and includes the LP Gas Association and the Association of Liquid Gas Equipment Distributors or any successor body. It is envisaged that the association will be an association of suppliers in their capacity as suppliers of domestic bulk LPG and not in any other capacity, for example as road hauliers.

Information on invoices

53. Article 32 requires suppliers to include on their customer invoices a statement that further information on the LPG industry can be obtained from their association's website and telephone enquiry point and directions so that the customer can access both the website and the telephone enquiry point. Suppliers are also obliged to include on the invoice a statement of the price that the customer has paid for the gas to which the invoice relates in pounds and pence per litre.

Information about switching

54. Article 33 requires suppliers to provide customers with information about switching including information about possible charges and costs, for example, from a telephone enquiry point during normal working hours. Any information required to be made available from a telephone enquiry point may also be made available from a website. A supplier must provide customers with information about the possible charges that it might levy on the customer for switching (eg if the supplier allows the customer to switch before the expiry of any exclusivity period) but does not have to inform the customer about any charges that other suppliers might levy on the customer for switching.

Section E: The OFT

Provision of specified information

55. The OFT will have an important role in monitoring compliance with this Order. In order to do so effectively it will need specific information about, for example, the number of tank transfers taking place in any given period. Article 34 describes the requirements to provide the OFT with information, which suppliers must meet.

Section F: The CC

56. Article 35 provides that the CC can give directions for the purposes of securing compliance with the Order.

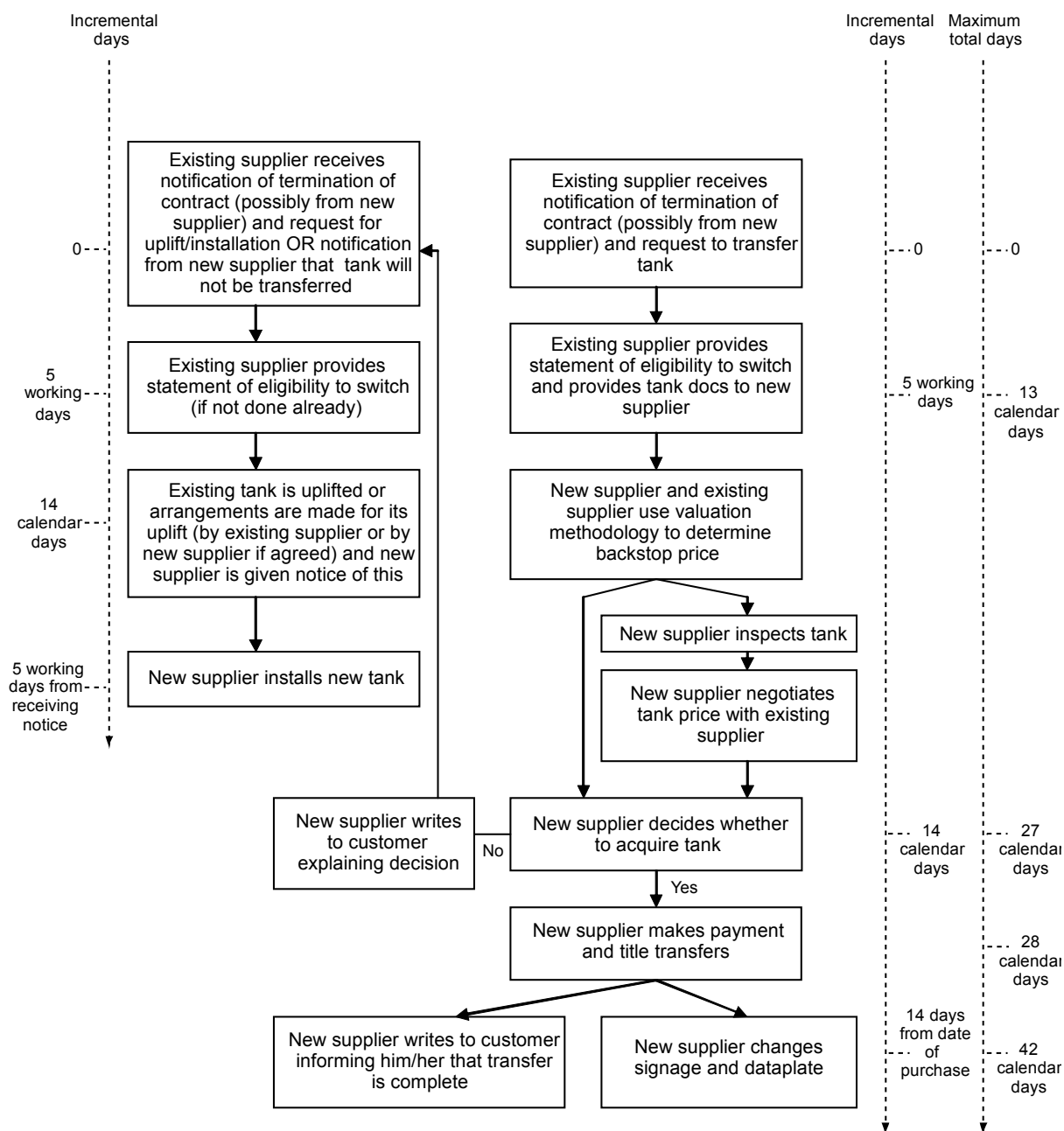
The Schedules

57. Schedules 1, 2 and 3 contain the formulae to determine the price of an above-ground tank, a tank below ground and a metered estate tank respectively. Tank capacities have been measured in terms of water capacity and the capacity categories have been set so as to avoid the most common tank capacities being on the cusp between different capacity categories.
58. Schedule 4 specifies the information with which suppliers must provide the OFT in order in relation to Part I of this Order.

Monitoring and review of the Order

59. The OFT has a general duty to monitor the operation of this Part of the Order under section 162 of the Act. This includes the duty to consider, from time to time, whether the Order should be varied or revoked in the light of a change of circumstances.
60. The CC may also vary or revoke the Order if the OFT advises it to do so.

Flow chart showing tank transfer process, tank uplift/installation process and interaction between the two



Note: Right-hand timeline shows maximum number of days from start of process for completion of stages for tank transfer. Other timelines show maximum number of days for particular stage from date of completion of previous stage unless otherwise marked. Completion of uplift and installation within 14 days will only be possible where uplift and installation follows an incomplete transfer. If customer requests uplift and installation from the outset, then, allowing for bank holidays, the time limits stipulated for each part of the process mean that process should be completed within 35 working days.

Worked examples of tank valuation formula

The prices used in these worked examples are for illustrative purposes only and are not intended to reflect actual tank, test or anode prices. The figures in bold in these worked examples are those figures that will be determined by the OFT as set out in Schedules 1, 2 and 3 as appropriate.

Example1: Above-ground tank

Formula input values:

a = base price of tank:

501 water litre capacity to 1,200 water litre capacity: **£100**

1,201 water litre capacity to 1,800 water litre capacity: **£150**

1,801 water litre capacity to 2,500 water litre capacity: **£200**

2,501 water litres capacity to 4,200 water litre capacity: **£300**

4,201 water litre capacity to 4,600 water litre capacity: **£400**

4,601 water litre capacity to 9,000 water litre capacity: **£550**

b = residual value: **£10**

c = 20-year test price: **£80**

d = 10-year test price: **£30**

Specific tank details:

Tank capacity (in water litres): 800

x = Tank age: 18 years

y = Number of years since last '20-year test': two years

z = Number of years since last '10-year test': 12 years. 12 years is greater than 10 years so that 10 years is used to calculate the formula price (see Schedule 1, article 2)

Formula price = $(a - (0.05 * x * (a - b))) + (c * (1 - 0.05 * y)) + (d * (1 - 0.1 * z))$

Formula price = $(£100 - (0.05 * 18 * (£100 - £10))) + (£80 * (1 - 0.05 * 2)) + (£30 * (1 - 0.1 * 10))$
 $= (£100 - (0.05 * 18 * £90)) + (£80 * 0.95) + (£30 * (1 - 1))$
 $= £19 + £72 + £0$
 $= £91$

Example 2: Below-ground tank

Formula input values:

a = base price of tank:

0 water litre capacity to 1,800 water litre capacity: **£300**

1,801 water litre capacity to 2,500 water litre capacity: **£400**

2,501 water litre capacity to 4,200 water litre capacity: **£650**

4,201 water litres capacity to 4,600 water litre capacity: **£750**

4,601 water litre capacity to 9,000 water litre capacity: **£850**

b = residual value: **£10**

c = 20-year test price: **£300**

d = 10-year test price: **£50**

e = replacement anode price: **£150**

Specific tank details:

Tank capacity (in water litres): 4,400

x = Tank age: 19 years

y = Number of years since last '20-year test': 20-year test not been carried out therefore input 20 years

z = Number of years since last '10-year test: 10 years

w = Number of years since last anode replacement: 5 years

Formula price = $(a - (0.05 \cdot x \cdot (a - b))) + (c \cdot (1 - 0.05 \cdot y)) + (d \cdot (1 - 0.1 \cdot z)) + (e \cdot (1 - 0.067 \cdot w))$

Formula price = $(£750 - (0.05 \cdot 19 \cdot (£750 - £10))) + (£300 \cdot (1 - 0.05 \cdot 20)) + (£50 \cdot (1 - 0.1 \cdot 10)) + (£150 \cdot (1 - 0.067 \cdot 5))$

= $(£750 - (0.05 \cdot 19 \cdot £740)) + (£300 \cdot (1 - 1)) + (£50 \cdot (1 - 1)) + (£150 \cdot (1 - 0.335))$

= $(£750 - £703) + (£300 \cdot 0) + (£50 \cdot 0) + (£150 \cdot 0.665)$

= $£47 + £0 + £0 + £99.75$

= **£146.75**