

Guide to the Orders made after the domestic bulk liquefied petroleum gas (LPG) market investigation

This document is intended as a guide for customers and LPG suppliers to the main changes resulting from the Competition Commission's (CC) investigation of the domestic bulk LPG industry. This investigation resulted in the CC making the Domestic Bulk Liquefied Petroleum Gas Market Investigation Order and the Domestic Bulk Liquefied Petroleum Gas Market Investigation (Metered Estates) Order (the Orders). This document does not form part of either Order and does not have any legal force or effect. This document replaces a similar one that was published by the CC in May 2009; by the Office of Fair Trading in March 2012 and June 2013; and by the CMA in January 2015.

The CC's investigation was the genesis for the Orders. The aim of both Orders is to enable easier switching of domestic bulk LPG supplier by domestic customers. They both introduced the key new concept of tank transfer, whereby instead of a new supplier having to install its own new tank it can offer to purchase the tank from the outgoing supplier. The CMA is responsible for monitoring and enforcing the Orders.

More detailed information about the CC's investigation can be found on the CC's [archived webpages](#).

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1. Who do these Orders apply to?

The Orders **apply to** domestic customers who obtain their LPG from either their own dedicated tank, or from a tank shared with other domestic customers. If you use a tank (or tanks) shared with other residents you are on a 'metered estate'.

The Orders **do not apply to** you if:

- you buy your LPG in cylinders;
- you are not a domestic customer, that is, the LPG is being supplied other than for purely domestic use;
- you are supplied with LPG as part of a 'leisure park'; or
- you buy LPG from a commercial supplier who buys in bulk and sells it on to you.

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 use either Order to switch supplier. If the majority of residents live there permanently then the owner of the holiday park will be able to ask 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 most homes on the holiday park are let on a permanent basis, then you may ask to switch supplier.

3. Exclusivity period: I am concerned that LPG suppliers can offer exclusive contracts for as long as two years. Why is this?

The Competition Commission (CC) contemplated this issue during its two-year investigation into the supply of domestic bulk LPG. At paragraph 7.99 of its [final report](#), it concluded:

'...we do accept that a degree of stability may allow some suppliers to manage their costs better, for example by using hedging contracts. The CC also accepts that the length of any maximum exclusivity period should permit suppliers to offer a range of tariffs including price smoothing and lower prices in return for longer contractual commitments. In addition, the CC notes the point made by ALGED (Association of Liquid Gas & Equipment Distributors, an LPG trade association) that, without a reasonable exclusivity period, smaller suppliers in particular might find it uneconomic to attract new customers. Thus, we consider that customer contracts should be permitted to contain maximum exclusivity periods of two years.'

4. How do I switch supplier?

If you have a *dedicated tank* and wish to switch supplier then you can contact either your existing supplier or the new supplier to say that you want to transfer your tank and terminate your contract (if you have a contract).

If you are a *metered estate* manager then you can write to your existing supplier, on behalf of the whole estate, to request to switch to another supplier. 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, for example about the terms on which the tank is to be transferred (see Question 6).

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 (see Question 10).

A new supplier is not obliged to provide LPG to any new customer that approaches it. 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.

The suppliers in your area can be found on the [UKLPG website](#). Your existing supplier is required to tell you about when and how you can switch supplier and to refer you to the contact details for the LPG industry trade association (UKLPG). This information should be provided with new contracts and all invoices.

5. Why is my neighbour charged a more competitive rate for LPG supply than me even though we receive our LPG from the same supplier?

In its 2006 final report entitled *Market investigation into supply of bulk liquefied petroleum gas for domestic use*, the CC noted that differential pricing is commonplace in the domestic supply LPG market. Section 4C explains the CC's conclusions on pricing in more detail. For example, paragraph 4.55 of the report states:

‘Some suppliers offer standard prices to customers while others calculate prices on an individual basis.’

The differences in prices charged by suppliers to neighbouring customers may be driven by the following:

- volume of delivery;
- frequency of delivery;
- variances in other delivery-associated costs;
- whether or not customers are benefitting from special offers (such as reduced prices for the first x months of an exclusive contract);
- whether or not customers are being supplied under an exclusive contract;
- whether customers have managed to negotiate a special deal for themselves;

- variances in the strength of competition in an area between LPG suppliers; and
- the differences in the times at which prices may be negotiated with suppliers.

Partly because some of the above factors may not be cost-related, the CC put in place, by means of the Orders referred to at the beginning of this guide, measures to improve competition in the market by making it easier for consumers to switch. Thereby more competitive pressure is exerted on suppliers. These measures include requirements for suppliers to provide price quotes by telephone so that consumers can shop around more effectively.

The UK trade association for LPG, UKLPG, has a postcode search facility on its [website](#) to help you find LPG suppliers in your area.

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

If your contract has an exclusive period of supply in it then you may not be able to switch. However, you may be able to end such a contract early by paying a fee, or otherwise as allowed by the terms of your contract. Then you can switch supplier. Otherwise you will need to wait until the exclusivity period expires.

The Orders limit the maximum time a supplier may restrict a customer from switching to another supplier to two years. In addition, a contract must not require a notice period greater than 42 days to terminate that contract. 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.

Nothing in the Orders 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 supply (or if some other term of the contract permits termination by either party for some other reason).

7. 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. The Orders do not allow outgoing suppliers to 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 costs 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). The new supplier might pass on those costs (either as part of the LPG unit price or as a stand-alone change) 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. The UK trade association for LPG, UKLPG, has a postcode search facility on its [website](#) to help you find LPG suppliers in your area.

8. 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 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 to tell them that you want to terminate your existing contract, although we recommend that you write to both suppliers. Once a supplier has received your letter stating 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 (and all customers on the metered estate agree unanimously to switch – see [Question 10](#)) then you need to write to your existing supplier to ask to switch supplier. When you write you will need to say who the new supplier will be.

The process for switching a metered estate can be complex and the suppliers may need to agree a number of issues including the price the new supplier will pay the existing supplier for the transfer of ownership of the tank. The new supplier has 28 calendar days from the date he receives the switching notification to notify the existing supplier whether he wishes to acquire the infrastructure and for how much. If the new and existing suppliers cannot agree

on the price by the fourth calendar month anniversary of the date new supplier received the switching notification, he can choose to refer the dispute to arbitration. Schedule 1 of the 2009 Order provides further information on this.

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 longer before the metered estate is transferred. When the suppliers agree on the terms of 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 might be expected to take.

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 might 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.

For metered estates the suppliers can only agree to transfer the LPG infrastructure and associated land interests.

10. I am switching away from LPG as my source of fuel to an alternative fuel supply. Can my LPG provider charge me to uplift the tank in this situation?

Yes. If you are moving away from LPG as your source of fuel to another source of fuel, you might have to pay for a tank uplift: you would not be covered by the LPG Orders. The reason why the Orders do not apply to this situation is found in the definitions provided in the defined terms at the start of the Order.

Clause 13.1 of the Order states:

‘When a tank is uplifted, the existing supplier shall not charge the customer or the new supplier any costs directly connected with the uplifting of the existing supplier’s tank.’

Clause 1.3 defines these terms:

‘tank uplift’ means the process by which, when a customer switches supplier, the existing supplier’s tank is removed

‘switching’ means the act of a customer changing supplier

‘supplier’ means any person who supplies domestic bulk LPG

So if you apply these definitions, clause 13.1 actually means:

When a customer changes to another person who supplies domestic bulk LPG, the existing supplier shall not charge the customer any costs regarding the removal of the tank.

The purpose of the reference and the Order which came into force, was to facilitate cheaper and easier switching between suppliers of LPG. The market that was examined was the supply of domestic bulk LPG, and not the wider domestic fuels market.

11. What are my rights if I am a new resident on a metered estate?

As outlined above (Question 4), individual customers on a metered estate may agree individual contracts with an LPG supplier for a fixed period in which they are obliged to purchase LPG from that supplier and cannot switch without the agreement of the supplier (an exclusivity period). In these cases, the estate as a whole cannot switch until all the customers on the estate are ‘out of contract’ and agree unanimously to switching existing supplier.

You are entitled to receive a supply of LPG without an exclusive contract in place. However, the cost of supply outside such a contract might well be higher. Against that, please be aware that, by signing a new supply agreement with the incumbent supplier with an exclusivity period up to two years, you may be preventing the whole estate (including you) from collectively negotiating a better price when the existing exclusivity period for the estate has ended).

We recommend that you weigh up the costs and benefits of exclusive and non-exclusive supply carefully before agreeing any contracts. You may wish to discuss this with your estate’s metered estate manager (where one exists),

and/or neighbours. Your supplier should normally be able to tell you when the current exclusivity period for the estate ends. Alternatively you can find this information by asking around other residents on the estate. You will in any event need to ask them whether they wish to switch to a new supplier.

Please read the answers to Questions 12 - 19 below about metered estates.

12. 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 on the estate must agree unanimously and not be subject to any remaining exclusivity period in their contract.

13. How do I find out who on my metered estate is in an exclusive supply contract?

Your supplier may not be able to provide the identity of residents who are in an exclusive supply contract because of restrictions under the Data Protection Act 1998 (DPA) – although this Act should generally not prevent the supplier from providing the date at which the metered estate may be 'out of contract' – see Question 14 below). However, you may wish to ask your neighbours directly.

14. I am on a large metered estate and I don't know when the estate becomes eligible to switch LPG supplier. Does my supplier have to tell me?

Under Article 13 of the Order, a supplier must inform every customer or metered estate manager who is preparing to sign an exclusive supply contract about the switching process in general. The supplier is also required to make available a telephone enquiry point to describe the switching process and any possible charges. If you ask the supplier when you are eligible to switch, in our view the supplier must provide this information under the terms of the Order. Residents should check with their supplier from time to time as the end date can change if another resident signs a new exclusive supply contract.

It is only in certain circumstances that the supplier will be prevented from supplying this information because of the provisions of the Data Protection Act 1998 (DPA). The DPA governs the processing of personal data which, in broad terms, is information that relates to an identifiable living individual. In most cases, particularly on larger estates, providing information about the date at which the estate as a whole may switch supplier will not involve the processing of personal data.

In some cases, however, particularly on very small estates, the disclosure of this information may make individuals identifiable and therefore involve the processing of personal data. In these cases, the supplier will need to exercise its own judgement as to whether the information can be supplied in compliance with the DPA.

15. I am on a metered estate and I want to switch supplier but I can't because not everyone on my estate is out of exclusive contract with them and I don't know if everyone would agree to switch anyway. What can I do?

Exclusive supply periods on contracts with different residents on a metered estate may end at different times. In this situation, it could take up to two years before a switch of supplier can be made, unless early termination of some or all contracts can be made by agreement with the existing supplier (eg by paying an early termination charge), or otherwise as allowed by the terms of your contract. However, the sooner that there is effective co-ordination between residents on metered estates in dealing with LPG suppliers, the sooner you might be able to switch to a new supplier.

Ultimately it is the responsibility of the residents on estates to see that this co-ordination happens: it is not something in which the CMA can intervene in directly. The CMA therefore strongly recommends metered estate residents appoint a metered estate manager.

The following are points to consider if you live on a metered estate and you are considering appointing a metered estate manager:

- You could appoint a metered estate manager who would be responsible for negotiating supply terms on behalf of all the residents on the estate. A resident on the estate can represent the whole estate as long as all residents agree to this.
- By comparing prices each resident is charged, the metered estate manager may be able to lobby for lower prices – particularly if residents with a similar age of contract and broadly the same LPG use are being charged significantly different prices. Alternatively the metered estate manager could negotiate a 'blanket' rate of supply for the whole estate.
- The supplier would still need a contractual relationship with the owner of each property, for example in order to reserve rights in the contract to go onto each resident's plot of land, (eg to read the meter), or to disconnect them from the pipework if, for example, they wish to switch to an alternative

form of fuel supply. However the metered estate manager can negotiate the terms of supply for the whole estate and may well be able to agree with the supplier that all contracts should end on the same date (which would make switching to a new supplier easier).

- The metered estate manager liaises with all the residents on the estate and identifies who is in and out of contract and willing to switch, and identify rented properties more easily (see below). The metered estate manager can approach new residents moving onto the estate to advise them not to sign an exclusivity contract. The metered estate manager should liaise with the supplier and the new resident to ensure they receive the same 'blanket' rate of supply and the same contract end date as other residents.
- Once a metered estate manager has the unit charge of supply and end date for the supply contract for each resident he may be able to negotiate a better deal from the current supplier, or a new LPG supplier when the opportunity to switch supplier arises. The metered estate manager can also ask the supplier to receive a notification before 'wake-up' letters are sent to the whole estate. This gives the metered estate manager the opportunity to discuss with the other residents whether to negotiate a renewal agreement or seek an alternative supplier.
- You could consider whether it would be possible for some residents to be connected to their own individual tank as opposed to the metered estate infrastructure. If the residences are flats this is unlikely to be possible, but if they are houses, each with enough land and with easy access to a lorry delivering supplies of LPG, this might be feasible.
- You could ask your LPG supplier what the cost of early termination of contracts would be in order to arrive at a common termination date for the whole estate. Some residents might, however, have to pay more than others to terminate their contract early and may have to pay more for their LPG until they return to being supplied via an exclusive contract.
- In seeking prices from alternative suppliers (if it becomes feasible to do) you ought to satisfy yourselves as an estate that you are clear about the length of any special offers on LPG prices and about any new supplier's termination policy, given the need to ensure a common termination date for all contracts on a metered estate.

Note that the possible solutions outlined above may be harder to pursue the larger the metered estate is in terms of the number of houses on it. This is because there will be a higher risk of it not being possible to obtain a

unanimous decision to switch supplier or ensure that everyone is out of exclusive contract.

Note too that tenants, as opposed to owner occupiers, might not be motivated in the same way as owners to work with other residents on an estate to secure a better long-term deal for LPG supplies. This is because any short-term higher price paid for being out of contract is less likely to be rewarded/compensated for later by a lower priced contract with an alternative supplier as the tenant may have moved on.

16. Our metered estate is supplied via individual contracts between the supplier and each household. How can we replace these by one contract between a metered estate manager representing the whole estate and the supplier?

If a number of individual exclusive contracts are to be replaced by one exclusive contract operated by a metered estate manager, you need to select your metered estate manager and have them negotiate the terms of supply with your supplier.

17. We have a residents' association on our metered estate. Can they organise a switch of supplier?

Yes. In effect they would need to become a metered estate manager, or they could appoint one. Where a residents' association or similar organisation represents your metered estate collectively then they can ask to switch supplier on behalf of all of you. Your new supplier might want to check that the organisation actually represents all of you.

18. 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 jeopardises 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 organise disconnection you should talk to a new supplier about whether it would want to connect your house to its own mini-bulk tank. In some situations it might be dangerous or impractical to install a new tank.

19. I live on a metered estate but I have my own 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.

20. 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.

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

If you feel that your supplier has pressured or misinformed you to get you to sign a contract, has overcharged you or been unfair in some way then you should call **Citizens Advice** on 03454 040506, or see its website: www.adviceguide.org.uk.

If you have a complaint about a possible breach of either of the Orders or are uncertain about how they might apply to your situation, you should contact the CMA at the address [below](#).

22. Why, given that all other forms of energy are sold on the basis of full transparency, does the CMA continue to support price confidentiality for domestic bulk LPG?

We do not support price confidentiality for domestic bulk LPG. We are in fact concerned to ensure that the price transparency provisions in Article 19 of the Supply of Domestic Bulk Liquefied Petroleum Gas Market Investigation Order are adhered to by LPG suppliers. These require suppliers to make available, via a telephone enquiry point, quotes for the supply of LPG to customers. We accept this does not go as far as requiring the level of price transparency seen, for example, in mains electricity and gas markets where prices are published. However, the Competition Commission (CC) was concerned that the

publication of LPG prices might lead to collusion between suppliers. In its [report](#) on its 2004-2006 market investigation, it said (at paragraph 7.106):

‘We have also considered whether suppliers should also be obliged to improve the provision of information on their prices. In particular we considered whether pricing should be made more transparent, eg via published prices lists. However, as discussed earlier in our report (see paragraph 4.4) although we have not found coordinated effects in this market, we have found that a number of the conditions for coordinated effects are met. Price transparency is one of the conditions for coordination that is currently not met and we are concerned that measures to promote price transparency may facilitate coordination. We are especially concerned about this because we consider that, to date, the unilateral power that each of the suppliers has enjoyed over its own customer base has meant that there has been little incentive to coordinate but that our package of remedies, by removing this power, will increase the incentives for coordination. We have therefore decided not to facilitate greater transparency of prices in such a way that would make suppliers’ prices more visible to other suppliers.’

In relation to supply of LPG to single bulk tanks, there has been an increase in switching between suppliers from around 0.5% at the time of the CC’s report in 2006 to 4.2% in 2014/15. This indicates that the Order has had some success in removing the unilateral power suppliers enjoyed over their customers. Thus, on the CC’s analysis, the danger of collusion might at least be maintained, or enhanced if, say, suppliers were required to publish their current LPG prices.

We have no power to amend the Order to require an increased level of price transparency. This is because to do so would go further than the CC deemed necessary to deal with the adverse effects on competition found in the course of its 2004-2006 inquiry.

Theoretically, we could make another market investigation reference seeking an investigation of this issue but, given the relative success of the Order and the general level of competition in the market, it would be very hard to argue in favour of such a course of action. Moreover, we have limited resources and must prioritise our work. The CMA has a duty to consider whether the issue raised falls within its administrative priorities in accordance with its [prioritisation principles](#). We considered this issue against our prioritisation principles and do not consider it appropriate to use our resources to make further enquiries into this matter.

23. By what mechanism does the CMA believe that a customer will know that the Platts LPG index that may sometimes be quoted by the supplier is accurate or not?

We cannot know for certain that suppliers will quote the Platts LPG index accurately. We believe it is important that customers can understand at the outset of entering into a contract the way in which prices may vary in order to make a better informed purchasing decision. Should customers feel dissatisfied with the experiences of pricing set by their existing supplier under the price variation framework allowed for by the contract, they generally have a choice to switch at the end of the minimum period of the contract and the Competition Commission's Orders have sought to increase the ease of such switching. Separately, should customers suspect fraudulent behaviour on the part of their suppliers (eg quoting fictitious Platts prices), they are able to raise such concerns with consumer bodies, including the Trading Standards Service

It should be noted more generally that the price of LPG delivered to a bulk tank will include some element of delivery costs, which may not move in line with wholesale LPG prices. Delivery costs inevitably vary for each consumer so a Platts LPG price could only ever be a rough indicator of what the competitive price for the supply and delivery of domestic bulk LPG should be.

24. Why did the Competition Commission decide not to benchmark retail LPG prices against the Platts LPG index or a similar index when it conducted its market investigation?

Generally, our preference is to intervene directly to address the underlying cause of the problems that we find, rather than to seek to control outcomes. [Appendix I of the CC's final report](#) on domestic bulk LPG noted that the variables listed below all contributed to the final price of LPG delivered to consumers (thereby indicating why prices pegged to the Platts LPG index or any other price index for fuels might not be appropriate). All of this would need to be factored into any 'benchmark pricing' scheme, including:

- the volume of LPG consumed;
- the year when the contract was signed;
- the distance from the supplier's depot to the customer's premises;
- whether or not the customer had negotiated a discount;
- payment by direct debit;

- automated top-up arrangement; and
- whether the property is on a metered estate.

Contact information

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