

Calor Gas Limited

From: Alistair Thompson
*Director, Remedies, Business and
Financial Analysis*

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Calor Gas Limited's breaches of Article 18.1 of the Domestic Bulk LPG Market Investigation Order and Article 12.1 of the Domestic Bulk LPG Market Investigation (Metered Estates) Order

I am writing to you on behalf of the Competition and Markets Authority (CMA) concerning breaches by Calor Gas Limited of Article 18.1 of the [Domestic Bulk LPG Market Investigation Order](#) (the Domestic Bulk Order) and Article 12.1 of the [Domestic Bulk LPG Market Investigation \(Metered Estates\) Order](#) (the Metered Estates Order).

Article 18.1 of the Domestic Bulk Order requires LPG suppliers to notify customers in writing that they are eligible to switch, no sooner than one month before and no later than one month after they become eligible to switch.

Article 12.1 of the Metered Estates Order requires LPG suppliers to notify customers or metered estate managers of the end of an exclusive period of supply no sooner than one month before and no later than one month after the date when that period ends.

The breaches

Between 20 July 2023 and 31 October 2023 Calor Gas Limited breached both Orders by failing to notify customers in writing that they were nearing the end of their exclusive supply contracts. Calor Gas Limited should have sent letters reminding 5,923 customers of their rights but failed to send them. Of these customers, 5,045 had their own supply of LPG (and so each failure to supply was a breach of the Domestic Bulk Order) and 878 lived on metered estates (and so each failure to supply was a breach of the Metered Estates Order).

Calor Gas Limited had implemented a new system with a common platform for its end-to-end business processes. The breaches arose out of system errors in the new platform which prevented the generation of the data used to send out these letters.

The CMA's concerns

Customers who enter exclusive supply contracts for LPG may not recall the end date of their exclusive contract, and therefore may not be aware when they can switch to a cheaper or better supplier without charge. These reminders prompt customers to shop around, helping them to benefit from lower prices through switching provider which drives competition. By failing to send these reminders, Calor Gas Limited inhibited the competitive process and it is less likely that affected customers will have sought out a new competitive supply arrangement for their LPG.

Calor Gas Limited has taken action to put things right

I note that both breaches were self-reported by Calor Gas Limited and that it has taken steps to end the breaches and to prevent a recurrence:

- Calor Gas Limited re-started sending reminders from 1 November 2023.
- All customers who contacted Calor Gas Limited asking to switch (and were eligible to do so) were permitted to switch during the period reminders were not sent.
- Customers who did not receive a reminder have been sent an explanatory letter from Calor Gas Limited apologising for the failure and explaining that they are still eligible to switch supplier. Those who wish to renew their contract with Calor Gas Limited will be given the option to do so, but Calor Gas Limited will reduce the terms of the contract so that their next renewal date in 2025 will still be the same as if they had received the reminder when they should have done.
- Calor Gas Limited has resolved each of the bugs which caused the reminders not to be sent and put in place changes to ensure they cannot lead to further, similar, breaches.
- Calor Gas Limited has mapped out the process for sending such letters to customers in a work instructions document, which describes its internal processes and makes user error less likely.
- Procedures have been put in place to ensure any updates to Calor Gas Limited's communications systems will be tested thoroughly using live data in an isolated environment prior to go-live and with the aid of "test scripts" to

ensure that all elements of any systems upgrades can be tested thoroughly before launch.

CMA assessment and next steps

Given the action that has been, and is being, taken by Calor Gas Limited, the CMA does not consider it appropriate to take further formal enforcement action in relation to these breaches at present. However, the CMA will consider such action in the event of any further breaches. The CMA will monitor Calor Gas Limited's future compliance closely.

Yours sincerely

Alistair Thompson

Director, Remedies, Business and Financial Analysis