Calor's response to the Strategic Review of the CMA's Market Orders

Public response

Executive position

The domestic bulk LPG market remains **asset-based and safety-critical**. Switching requires physical engineering and infrastructure checks and safety assurance, not just a change of billing party. The two Orders continue to **protect consumers from detriment at renewal and during switching** while **underpinning high and consistent safety standards** across suppliers. The market has modernised in a way that improves and streamlines and supports the switching process for consumers (e.g., digital documentation, streamlined tank transfers), but these developments **work because the Orders are in place**; removing them would risk consumer harm (failed/unsafe transfers, opacity around eligibility, and renewed barriers at renewal points).

How we apply the CMA's four tests

1) **Market developments**

Has the market changed so much that the remedies are no longer needed?
Our position: Market developments since 2008/2009 **reinforce**—not diminish—the need for the Orders.

- **Competition dynamics focus on customers coming out of the 2-year initial contract period which encourages competitive pricing.** Consumers tend to "shop around" when they receive a wake-up letter and are eligible to switch supplier. The Orders are designed to facilitate the switching process at the end of the customer's initial 2-year minimum contract period. Removing the consumer protections set out in the Orders would increase uncertainty for households and potentially lessen competitive pricing in the market place.
- **The customer journey has developed within the Orders' framework.** Electronic documents (e.g., DocuSign), remote evidence (customer photos in lieu of some site visits), and dedicated switching teams mean most transfers complete **within the 28-days**; complexity is concentrated in edge cases where safety/engineering issues demand time. This is **not** a reason to relax protections—rather, it shows the Orders enabled safe efficiency gains without compromising standards.
- **Transparency and redress have improved—but rely on the Orders.** Greater price transparency, availability of **third-party comparison** tools, and

independent ADR via the trade association have grown alongside the Orders; the Orders remain the baseline that ensures every supplier plays by the same switching rules. Without them, consumer experience would become **uneven**, and dispute volumes would likely rise.

- Since the Orders came into force, there has been some consolidation in the marketplace which may reflect the longer-time decline in the LPG market and the increased competition from other heating sources, such as heat pumps, but this has also led to increased opportunities for some of the smaller, regional supplier, who have been able to expand into other geographical areas and / or move into bulk supply from an LPG cylinder supply case. This has had a positive impact on the competitive landscape and has been supported by the switching framework imposed by the Orders.

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2) **Age and impact of the remedies**

Are the Orders outdated or ineffective due to their age?
Our position: The Orders' **objectives**— improvement of switching process including introduction of tank transfers between suppliers, standardising contract duration, fair switching at renewal, safety-assured transfers, transparency etc —remain fully relevant. Certain **mechanics** (e.g., postal methods) need light-touch updates, but that argues for **targeted maintenance of the Orders**, not removal.

- **Enduring consumer protection outcomes.** Mandatory customer notifications, standardised tank-transfer steps, and clear eligibility rules continue to address the original problems: opacity, inertia/by-default retention, and unsafe or disputed transfers. There are fewer disputes concerning eligibility and clearer communication at renewals—these are **remedy effects**, not market happenstance.
- **Pragmatic modernisation opportunities.** For example, replace "1st class post" with **digital SSN1/SSN2** transmission rules and a common "day-1" timestamp convention (e.g., emails before 12:00 count as day-1). This locks in market practice and prevents any re-emergence of "paper-based obstruction." That's **surgical updating**, not obsolescence.

"If the Orders worked, they can be retired."
Paradoxically, **their success is the reason they must remain**: remove the baseline and the market risks **re-fragmenting** into inconsistent practices—particularly around rejection reasons, tank valuation, and documentation, which could potentially reduce competition and threaten the stability and consumer benefits arising out of the Orders today.

3) **Regulatory/legislative landscape**

Have other rules superseded the Orders?
Our position: No. General consumer law, HSE obligations, and ADR **complement and do not** substitute remedies that coordinate **supplier-to-supplier** switching, notice timings, tank ownership/responsibility, and safe transfer standards.

- **Complementarity with safety regulation.** HSE rules ensure safe LPG storage/use; the Orders **operationalise** safety at the moment of **contractual change** (transfer/renewal) by mandating workflows (SSN1/SSN2, eligibility checks, defined time windows). Neither generic consumer protection law nor HSE frameworks impose the **market-wide choreography** that prevents tank transfers from failing or drifting into customer-managed disputes.
- **Active compliance oversight still matters.** CMA's recent correspondence/enforcement has continued to reference the Orders' obligations, confirming they remain the best framework for maintaining a competitive marketplace with a level playing field. Removing them would deprive the CMA and consumers of a **clear, enforceable yardstick** and likely drive more issues into slower, costlier bilateral dispute channels. [1]

Anticipated counter-arguments and rebuttals
ADR resolves **disputes after they arise**; the Orders **prevent** many disputes from arising in the first place by setting **ex ante** duties and timelines. ADR depends on a stable procedural environment—the Orders supply it.

"Generic consumer law/HSE is enough."
Neither provides the **sector-specific** switching choreography (eligibility, timelines, tank valuation conventions) that keeps the market fair and safe at renewal. The Orders fill that gap.

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4) **Changes to the bound businesses**

Have structural/behavioural changes to suppliers removed the original concerns?
Our position: Suppliers have invested in process improvements (digital workflows, trained switching teams) **within** the guardrails the Orders provide. These changes **do not** obviate the need for the remedies; rather, they **depend** on them to ensure a level competitive field and consistent consumer outcomes.

- **Operational scaling anchored in common rules.** dedicated switching team, streamlined documentation, and the use of remote evidence in place of some surveys. Scaling this safely relies on all parties observing **shared obligations and reasons for rejection**, so transfers don't collapse into blame-shifting or repeated SSN cycles.
- **Persistent friction points where the Orders need sharpening, not removal.** Examples include:
  – **Incomplete SSN2 outcomes** (piecemeal reasons, repeated rejections); solution: require the gaining supplier to list **all** valid rejection reasons upfront to minimise repeats and customer frustration.
  – **"Available paperwork"** ambiguity driving stand-offs and extra testing; solution: clarify "available" and allow **valuation adjustments** where paperwork is missing, rather than default rejection.
  These are **tune-ups** that *protect* consumers and promote fair rivalry; they are not reasons to turn the clock back.

Why removing or diluting the Orders would risk consumer harm

1. **Safety risks** from mis-managed tank transfers (e.g., unclear accountability, rushed timelines, or refusal practices that trigger unsafe work-arounds). The current model—supplier ownership with responsibility—has proven to be the safest operating framework for households.
2. **Increased switching frictions** at precisely the points the Orders stabilise today (eligibility, timelines, documentation, valuation), leading to **delays**, **repeat rejections**, and **consumer confusion**.
3. **Reduced transparency** at renewal (weaker notice obligations and inconsistent practices), increasing the likelihood of **by-default retention** and **price uncertainty**.
4. **Investment disincentives:** Regulatory uncertainty around **tank ownership and transfer rules** directly affects suppliers' willingness to commit capital to long lived assets such as tanks, depots, vehicles, telemetry equipment and safety critical engineering capability. When ownership frameworks or transfer processes become unclear or unstable, suppliers must price in a **higher risk premium** for asset recovery, utilisation, and end of life management. This raises the effective cost of capital across the sector and in turn, consumer pricing.

   Without the stability provided by the Orders, suppliers would face:

   Greater risk of stranded assets, where unclear or inconsistent transfer rules make it harder to recover or redeploy tanks efficiently.

Reduced incentive to invest in modern tanks, safer fittings, and digital safety/maintenance systems, because asset value and recoverability depend on predictable transfer and valuation conventions.

Higher operational and financial volatility, which weakens business cases for LPG import facilities (The UK is now a net importer of LPG following the decline of UK refineries), upgrading depots, enhancing logistics resilience, or expanding storage infrastructure—ultimately affecting security of supply to households.

Slower transition to BioLPG/renewable liquid gases, as investment in new storage compatibility, blending infrastructure, and distribution assets relies heavily on confidence that ownership rules will remain clear, enforceable and sector wide.

In a market already facing **demand pressure and long term decline**, with pressures from alternative fuel types such as heat pumps, regulatory stability is the single most important enabler of continued investment. The Orders provide the **predictable framework** needed to sustain asset renewal and support the UK's pathway towards lower carbon LPG supply. Removing or weakening them would materially reduce the incentive for all suppliers to invest at precisely the moment when the sector needs to pivot towards **renewable liquid gases** and maintain high standards of safety and reliability for consumers.

Targeted improvements (if the CMA seeks updates)

Enforcement of the existing Orders needs strengthening to bolster consumer protections.

In addition, these "maintenance" changes preserve the **status quo objectives** while modernising mechanics:

- **Digitise the Orders' communications**: recognise email/e-signature for SSN1/SSN2; codify the existing "pre-12:00 = day-1" convention.
- **Clarify rejection grounds**:
  – Prohibit rejection **solely** on tank age where safe operation is evidenced.
  – Require **complete SSN2 reasons** at first response to avoid serial rejections.
  – Define "available paperwork" and provide **valuation-based** alternatives where documents are missing.
- **Harmonise tank valuation**: move to a **single Tank Transfer Calculator** that all suppliers sign annually to reduce dispute space.

These proposals **strengthen** the existing framework without reopening core protections or altering the supplier-ownership responsibility model.

Conclusions

> The LPG Orders continue to address enduring, sector-specific risks at the precise moments when households are most exposed—contract renewal and supplier transfer. Market developments have improved customer experience **because** the Orders have provided stable, enforceable ground rules. Other regulatory instruments (consumer law, HSE, ADR) complement but are not a substitute for these safeguards. Wholesale removal would introduce safety risks, lessen pricing competition, and deter essential asset investment at a point in time when the market is stagnating if not declining. If the CMA seeks modernisation, targeted maintenance—digital communications, clarified rejection grounds, and harmonised valuation—will lock in consumer protection and competitive pressure at renewal while preserving the proven safety framework.