

Press Release

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Promoting choice and value for all gas and electricity customers

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GUIDANCE PUBLISHED FOR LANDLORDS WHO RESELL FUEL

- Guidance to help landlords understand MRP published
- MRP rules ensure tenants don't pay over the odds for gas or electricity
- New MRP rules to take effect from January 2003

Guidance that will help landlords understand how they should charge their tenants for gas and electricity was published today (Wednesday) by energy regulator Ofgem.

The guidance follows changes to the Maximum Resale Price (MRP) rules, the system used to regulate the price of gas and electricity sold by landlords to their tenants. Earlier this year, Ofgem decided to bring the rules that apply to the resale of electricity into line with those that already apply in gas. The new arrangements mean that landlords will be unable to charge tenants more money for electricity than they have paid for it. These arrangements took effect on 1 January 2003.

The guidance consists of a series of examples intended to help landlords to calculate the cost of reselling energy where gas, and in particular electricity, are purchased at varying daily and seasonal rates. The guidance should help:

- landlords who sell gas or electricity to tenants in rented accommodation
- site owners who sell gas or electricity to the occupants of park homes and
- marina owners who sell to the occupants of moorings.

Ofgem's Managing Director of Customers and Supply, John Neilson, said: "Maximum Resale Price is very important for consumers who do not buy their energy direct from energy companies, including an estimated 800,000 people who live in rented accommodation. It ensures that these consumers are not paying over the odds for the energy they use. The changes we announced earlier this year mean that electricity customers can expect the same protection that gas customers already enjoy.

"This guidance should help clear up any confusion that landlords may have on how they should be reselling gas or electricity to their tenants."

Guidance for customers is currently being prepared by energywatch.

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NOTES TO EDITORS

1. Ofgem is the Office of Gas and Electricity Markets, regulating the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. Ofgem is governed by the Gas and Electricity Markets Authority. Its powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.
2. The Maximum Resale Price (MRP) is the price that a landlord can charge tenants for gas and electricity. It applies, for example, to tenants living in rented accommodation as well as to gas and electricity resold to occupants of park homes, holiday caravans and chalets, and marina berths. It is set by Ofgem.
3. MRP applies only to electricity and gas sold for domestic use.
4. With effect from 1 January 2003 the MRP for both gas and electricity will be the price per kilowatt hour that the landlord has paid, plus, in the case of each customer, a proportionate share of the standing charge.

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