

TOTAL GAS & POWER LIMITED

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1 October 2004

Dear Joanne,

Consultation Response - Transfer Objections under deemed contracts for non domestic customers

Total Gas & Power Limited are writing in response to the e-mail from Ian Anthony of the 3 September referencing the above.

In summary we are supportive of your second option that Objections where customers are being supplied under deemed contracts should be permitted only in defined circumstances specified by regulation, provided that such circumstances would allow objection on the grounds of outstanding debt.

We justify this based on practical experience of problems that regularly occur in the non domestic market. One example is where there is a change of ownership of the premises supplied, if neither the old nor the new consumer notifies the existing supplier of the change of ownership then often the first time the existing supplier knows there has been a change of ownership will be upon a transfer to a new supplier. By that time the existing supplier has lost its contractual right to object to the transfer because the new consumer is not taking supply pursuant to a contract. The new consumer may consume out of contract for some time, and may transfer to the new supplier without ever disclosing his identity to the existing supplier. The existing supplier should therefore have the right to object to the transfer on grounds of outstanding debt in order to be able to identify the new consumer and recover sums due before the transfer to the new supplier. Another example could be where an existing customer fails to renew his contract and allows it to expire deliberately, thus entering into a deemed contract, being aware that the supplier would be unable to object on the grounds of outstanding debt to his eventual transfer to a new supplier.

As it is preferable that such a right to object should be common to all suppliers, and be exercised by all suppliers equally according to the same terms, the right should be contained in the suppliers' licence conditions, rather than in each supplier's deemed contract scheme.

As we have stated in previous responses on this subject, we believe that it is inefficient to force resolution of all debt issues through either court proceedings or lengthy disputes between suppliers which would generally result in little improvement for customers whilst increasing the overall costs



within the industry.

Please contact me if you would like further information on the above.

Yours sincerely

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Head of Regulation

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