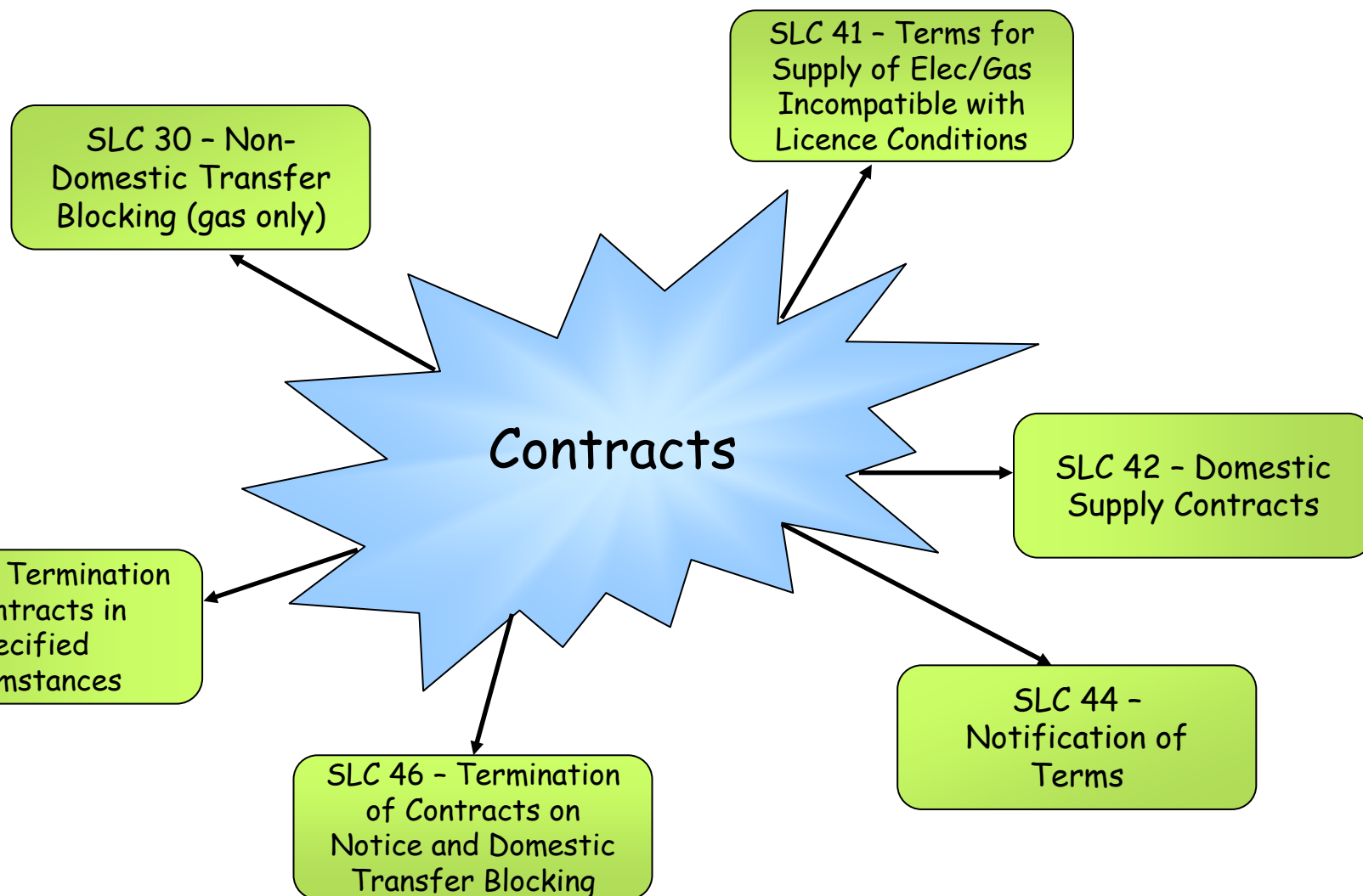


# Contracts

Duty to Supply, Contracts and Information workgroup  
8 December 2005



## SLC 30 – Non-Domestic Transfer Blocking

- Gas Only
- Deregulatory amendment 2003
- Allows suppliers and non-domestic customers to determine terms for objection
- Key issues
  - Not intend to amend this SLC further
  - Retain electricity provisions in MRA?

## SLC 41 – Terms for Supply of Electricity and Gas Incompatible with Licence Conditions

- Purpose to stop suppliers affording themselves rights incompatible with licence through contract.
- Key Issues
  - Is this needed?
  - Can it be dealt with through licence enforcement?
  - Can it be dealt with through other customer protection and contract law?

# SLC 42 – Domestic Supply Contracts

- Sets out contractual framework
  - Definition of a contract
  - Requirement to supply through contract (inc deemed)
  - Contract requirements e.g. set out all terms and conditions inc. price
  - Supplier to determine contract terms
  - Terms to be agreed by supplier and customer
  - Must separately identify charges for other supply related goods and services
  - etc
- **Key issues**
  - Provisions still required?
  - Can it be dealt with through other customer protection and contract law?

# SLC 44 – Notification of Terms

- Provisions for informing customers about contract terms when entering into contract
- Offer to enter into new contract before expiry
  - Sets out exceptions
- Unilateral variation of terms to significant disadvantage of customer
  - Customer can transfer without effect of variation if terminate within 14 days of receiving notice from supplier
- Key issue
  - Provisions still required?
  - Can it be dealt with through other customer protection and contract law?

## SLC 46 – Termination of Contracts on Notice and Domestic Transfer Blocking

- Contracts must be terminable on provision of a valid termination notice and termination fee (where applicable)
- Valid termination notice definition – 28 day rule
- Defined circumstances where a termination fee shall not be demanded.
  - Rolling contracts
  - Customer ceases to own / occupy premises
  - Unilateral variation of terms etc
- Termination fees to be an amount that in all circumstances could reasonably require

## SLC 46 – cont.

- Circumstances for objection
  - Debt
  - Co-operative when transfer in error
  - Customer requested objection
  - Customer bound by contract of type specified in Authority direction
- Assignment of charges in respect of PPM customers
- Direction to remove assignment of charges and contract objection by 1 April 2006 or retained.



## SLC 46 – cont.

- Key issues
  - Provisions still required?
  - Can termination arrangements be dealt with through other customer protection and contract law?
  - Removal of debt objections?
  - Removal of 28-day termination?

## SLC 47 – Termination of Contracts in Specified Circumstances

- Contract must be terminable
  - Cease to occupy/own premises
  - Rules concerning provision of notice by customer
- Customer liable for charges until termination
- Fixed term contracts > 12 months able to be terminated within 5 days of date of contract
- Termination relates to supply of gas / elec and not other goods and services included in the contract.
  - Security can be demanded for other goods and services

## SLC47 – cont.

- Rules about not removing the meter on termination
- Key Issues
  - Provisions still required?
  - Can it be dealt with through other customer protection and contract law?

## Next Steps

- Discussion paper to be issued by Ofgem
- Workgroup debate 12 January 06
  
- Most significant issues
  - Overlap with other customer protection legislation and contract law
  - EU Directives
    - » Unfair Commercial Practices Directive
    - » Unfair Contract Terms Directive
  - Removal of 28-day termination rule?
  - Removal of domestic debt objections?



Promoting choice and value for all  
gas and electricity customers