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Dear Ljuban,

**Classification of premises for the purposes of the standard conditions of the gas supply Licence**

Thank you for the opportunity to comment on the above consultation.

It is important that the supply Licence provides a clear definition around the nature of a supplier's contract with a customer where there is a direct contractual relationship with that customer and we therefore welcome the chance to consider the issues raised within the consultation letter.

We believe that the existing definitions of 'Domestic Customer' and 'Domestic Premises' within the gas supply Licence are appropriate and fit for purpose. In particular, it is important that the Licence recognises that the obligations in Part B only arise where there is a direct contractual relationship between the supplier and a customer who requires a supply for domestic purposes. In particular this relationship would not exist where a third party purchases gas on behalf of the residents of a property, which places a difficult obligation on suppliers to provide particular services to customers of whom the supplier may have no knowledge. It is right that commercial organisation acting in this way is recognised as Non-domestic for the purposes of the Licence.

We recognise the example set out in Ofgem's consultation of a non-profit making company providing heat to residents of a property. In the first instance, where heat is supplied on to residents – as opposed to gas – we do not agree that this falls within the remit of the gas supply Licence and therefore believe that this is out of scope of the Licence definition.

However, generally, we think it is appropriate that a management company, or any third party who engages in a contract with a supplier on behalf of the residents of a property, should be classified as a non-domestic customer. We recognise the question around the commercial nature of such a contract and whether a bespoke contract would be required in such circumstances. However, contracting in such cases is a matter for the supplier, and should not be considered within the remit of the supply Licence. In any case, we think that the current Licence definitions provides sufficient flexibility to allow suppliers to determine particular third party agencies as Domestic where the circumstances require it,

without unduly extending the burden to suppliers of providing Domestic protections to otherwise Non-domestic entities.

We therefore do not agree that it is necessary to amend the current definitions of the supply Licence and continue to see them as being fit for purpose going forward.

If Ofgem were to specify that certain third party entities were to be considered as Domestic for purposes of the Licence, then Part B of the Licence would require a thorough review. Part B currently envisages a direct relationship between customer and supplier, and would otherwise place an unachievable obligation on suppliers in respect of certain obligations – for example providing certain required information to all customers within a premises, where the supplier has no notice of those customers, or requiring suppliers to offer management companies particular payment terms, such as weekly payments or Fuel Direct. We do not think that this is practical, nor within the intent of the Licence.

We do think that the gas supply Licence currently sets appropriate definitions for Domestic and Non-domestic customers, which aids to clarify suppliers' obligations under the Licence to particular groups of customers. The current Licence drafting is sufficient and appropriate. However, if this was to be reviewed in light of this consultation, then this must be done in conjunction with a robust programme of review of the obligations in Part B of the supply Licence.

I hope you find these comments useful but should you have any questions or would like to discuss further, please contact me using the above contact details.

Yours sincerely

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