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Dear Sirs

## **Classification of premises for the purposes of the standard conditions of the gas supply licence**

I write in response to your letter to suppliers dated 14 December 2010 inviting comments on whether it is necessary to amend the definition of "Domestic Customer" so as to include legal entities which purchase gas on behalf of a number of individual residents.

Under the existing SLC 6.2(a), the supply of gas to a legal entity acting on behalf of individual residents will be classified as Non-Domestic where the legal entity has entered into an agreement with those residents for the provision of residential or accommodation services on commercial terms, which include a charge for the supply of gas to the premises.

Were this to be changed so that such supply (including for the purposes of heating the premises) were to be classified as a Domestic supply to a Domestic customer, the end users would no longer benefit from the purchasing power they have by buying their gas through the legal entity concerned. We believe the effect of re-classification would be to eliminate specialist Industrial and Commercial (I&C) suppliers from bidding for such contracts which would reduce choice for the legal entities concerned. Indeed we feel the specialist I&C suppliers can often bring products and services to such legal entities that the traditional 'Domestic' suppliers are less able or willing to offer.

The supply to individual residents, who are currently supplied under arrangements between a supplier and a legal entity, cannot be isolated for non-payment unless the legal entity defaults on payment in respect of the whole block (assuming there is a single or aggregated debt for the whole block). Individual residents are thus protected from individually-assessed isolations. Also fuel poverty issues, such as self-interruption where an individual resident is reluctant to continue fuel consumption in severely cold weather, are less likely to arise since consumption is measured for the building as a whole and is therefore not the responsibility of individual residents. These advantages would also be lost were SLC to be changed so as to reclassify such supply as being to Domestic premises.

We therefore propose that SLC is not amended but remains as it is.

Yours faithfully



**John Sheard**  
General Manager, UK Energy Retail

