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Dear Ljuban,

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

Please find First Utility's answers to your questions below.

Q1. How do you currently treat multiple tenancy sites with single gas boilers with a small number of Domestic Customers?

In this situation the site might be supplied under a non domestic contract with a non commercial residential management company or a housing authority and the domestic customers would be supplied as a result of this. Otherwise, where there was no non commercial residential management company or housing authority involvement, the customers would be supplied under separate domestic contracts with their chosen supplier. In either case, as a domestic licensee, we would treat all residents who consumed gas at such a site for domestic purposes in the same manner as any other domestic customer. This would be the case with any site supplied by First Utility where there were people resident as all domestic customers are entitled to the protections extended by these licence conditions irrespective of the contractual arrangements under which they are supplied. We agree with Ofgem that the purpose for which the gas is used, rather than the level of gas consumption at the site, is the point which defines whether or not the end consumer should be considered as domestic.

Q2. How do you currently treat multiple tenancy sites with a single meter point serving a large number of Domestic Customers whose combined consumption is significantly above that of a traditional single domestic residence?

In the same manner as described in our answer to Question 1 above. Wherever a site supplied by First Utility has people resident at that site then the protections extended to domestic customers under the licence will be followed, irrespective of the type of contract under which that site is supplied.

Q3. How many customers with whom you have a contract would be affected by the clarification described above?

We have several non domestic customers of this type who supply to probably several hundred domestic customers. However, as stated, this clarification would have no impact as First Utility already applies a policy very similar to this.

Q4. What would be the impact on your business of the clarification described above?

There would be no impact as First Utility already applies the policies described above.

Q5. In principle, would it cost more for high consumption Domestic Customers as described above to be supplied with a bespoke domestic contract for gas rather than a non domestic contract?

Yes, as bespoke domestic contracts are rare and the costs around these tend to be higher from a systems and administration point of view, particularly for smaller suppliers. We believe that supply under a non domestic contract with the licensee being required to have regard to the domestic customer protections contained in the relevant section of the licence (and particularly in relation to vulnerability and disconnection) should be sufficient where the non domestic contract is made with a non commercial residential management company or housing association for the final purpose of supplying domestic customers. We are also aware that many sites of this type are supplied by licensees who do not hold a domestic licence; the arrangement proposed above would allow them to continue doing so without having to apply for a domestic licence as might be the case if Ofgem decided that a bespoke domestic contract were required in cases such as these.

Please do not hesitate to contact me should you have any questions or require any further information.

Best regards,

Chris

Chris Hill

Regulation Manager

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