

Gas Objections Ofgem Update

You may be aware that Ofgem has consulted on changes to the supplier's right to object in gas. Set out below is our policy in this respect with an update on work undertaken so far. We are seeking to make changes in the following areas:

Domestic Customers

During March 03 Ofgem published a consultation document titled 'Objecting in The Domestic Market.' This document proposes changes to the circumstances in which a domestic gas supplier may prevent a customer's transfer to another supplier. It is proposed that suppliers should not be able to prevent a customer transfer because their customer has not given notice of contract termination.

The proposals also seek to allow suppliers to prevent erroneous transfers from taking place by introducing the concept of co-operative objections. That is, erroneous transfers could be prevented by blocking the transfer either where the customer states that they have not entered into a contract with the other supplier and or where both suppliers agree that the transfer will occur in error. The document sets out a proposed draft gas suppliers licence modification. For the avoidance of doubt the document does not impact on the ability of domestic gas suppliers to object on grounds of debt.

I&C Customers

In December 02 we published a consultation document titled 'Transfer objections: stronger rights for industrial and commercial customers' which seeks to amend the rights of gas suppliers to object to the transfer of I&C customers. This document included a draft licence modification outlining that a supplier would only be able to object to the transfer of I&C customers where this has been agreed under the terms of the supply contract.

Next Steps

Following the DTI's publication of collective licence modification proposals we intend to progress the licence changes set out in the March 03 and December 02 documents. That is, further consultation documents will be published which formally seek a vote on the proposed licence modifications. Subject to publication of the

DTI's collective licence modification rules we plan to proceed with licence modification votes in May 03 and seek to introduce licence changes by July 03.