



Suppliers' Code of Practice for the Domestic Market

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Domestic Code of Practice

This Code has been prepared by The Suppliers' Group of The Gas Forum and is designed to cover issues for which there is a need for a common approach amongst Suppliers to the domestic gas market and situations that are not covered by other governance arrangements e.g. the Supply Point Administration Agreement (SPAA).

The Code is voluntary and is not meant to be legally binding upon Suppliers. All licensed Suppliers to the domestic gas market have been asked to sign on to the Domestic Code of Practice as an undertaking that they will abide by the principles contained within it. Failure to do so could result in removal of the right to use the logo that accompanies the Code.

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A Introduction

1. Preface

The relationships between the various market participants within the competitive domestic gas market (gas consumers using gas wholly or mainly for domestic purposes) are governed by a number of key documents:

- * The Utilities Act 2000, along with the Gas Act (as amended) - determine the basic legal / regulatory relationships between gas Suppliers, Transporters, shippers and end users.
- * The Licences (granted to Suppliers, Transporters (GTs) and Shippers) - contain supplementary obligations placed on the various parties. Some of these Licence Conditions oblige Suppliers to produce statements of the detailed arrangements that they have made.
- * The Network Code(s) - contain(s) the business rules that govern all Shippers who use the GT pipeline networks to convey gas.
- * The Supply Point Administration Agreement – contains the rules and procedures to facilitate effective supplier to supplier and supplier to transporter interactions in relation to retail processes.

Suppliers to the domestic market have taken the view that there are a number of issues which fall outside the coverage of the above documents and there is a need for a mechanism to resolve them and for including them in a Code of Practice. This Code of Practice is based upon current versions of the Network Code(s) and of the various licences, in particular the Standard Suppliers' Licence.

This Code of Practice does not intend to replace any obligations covered in the general regulatory arena.

2. Scope of the Code of Practice

The aim of the Code of Practice is to address only Supplier to Supplier issues within the domestic gas market. It is not intended to stifle creativity but to achieve consistency across core processes, whilst recognising the needs of customers. The detailed relationships between gas Suppliers, gas shippers and gas transporters are covered in their respective contracts and, therefore, these issues are not covered by this Code of Practice. The Code of Practice does not seek to set standards of service for domestic customers.

Nor is the Code of Practice an attempt to intercede or impose upon any contractual arrangements between Supplier and Shipper. It remains wholly the responsibility of Suppliers to ensure that commercial agreements/arrangements with their shippers are such that they are able to comply fully with and support the contents of the Code of Practice.

3. Competition Act 1998

The intention of this Code of Practice is to facilitate resolution of issues arising between Suppliers in a competitive market, and so to help ensure an efficient and satisfactory transfer process for the customer. The Code of Practice is voluntary and nothing in the code is intended to establish or condone anti-competitive activities within the terms of the Competition Act 1998, or the Enterprise Act. Signatory companies are responsible individually for ensuring compliance with the requirements of the Acts.

4. Status of the Code of Practice

It is essential that all gas Suppliers to the domestic gas market act in a responsible manner to protect the interests of customers. In addition, there will be great benefit from all Suppliers acting in a consistent manner; areas for the confusion of customers should be minimised. Therefore, this Code of Practice has been drafted to encourage **all** Suppliers to act in a reasonable and consistent manner with regard to the issues it covers.

It is not possible, under the Utilities Act 2000 and related legislation, to insist that all Suppliers adhere to this Code of Practice. However, all Suppliers, real and prospective, will be reminded of the need for compliance with the Code and that failure to do so will reflect badly on them and may attract adverse publicity and/or pressures from Ofgem, Consumer Focus etc.

5. Development of the Code of Practice

The Code will be updated as issues relating to its content are resolved within the Suppliers' Group of The Gas Forum. Suppliers are expected to take the basic operating rules and build them into their own detailed operating procedures. In resolving individual issues, Consumer Focus and Ofgem will be consulted and updated versions of the Code produced.

As the Code will be voluntary in nature, change will be made on the basis of consensus. All changes will be made under the existing Gas Forum procedures, DCoP change and approval processes.

B **CROSSED METERS**

The following process for resolving crossed meter disputes has been agreed between Suppliers, GTs and Ofgem. Where there is any suspicion of fraudulent intervention of meters by a customer or third party, this should be dealt with under the Theft of Gas procedures (see Section C).

Crossed meter disputes arise where a Supplier is billing Customer X based on the information from Customer Y's meter. More than two sites can be involved. Crossed meters result in the affected customers being over or under charged.

Crossed meter cases are made more complex where one or more of the affected customers have transferred Supplier once or more in the previous six years.

1. Process for resolving crossed meter cases

Where a Supplier discovers that it has been billing a customer to meter readings taken from another customer's meter the Supplier should:

- * Notify the relevant GT of all sites which it suspects are affected, regardless of whether it is the current Supplier. The Supplier should also provide meter details for its own sites.
- * The GT will ascertain current meter details for all sites which are believed to be affected. Where necessary the GT will make a site visit to confirm the details.
- * The GT will give each shipper / Supplier details of all sites and meter details which may be involved in the dispute.
- * Each Supplier should investigate whether they have been billing their customer(s) against the wrong meter and when this began.
- * It will be the Supplier's responsibility to communicate with the customer about this issue.
- * The Supplier should estimate any over or under charging back to the start date of their contract with the customer or the date on which the error occurred, where this was after the contract start date.

<p>NOTE: Under the Limitations Act 1980 Suppliers can only make a retrospective reassessment of the customer(s) account for a maximum of six years.</p>

Supplier

- * Suppliers should assess the customers' consumption based on normal consumption levels using the methodology as defined in the Theft of Gas guidelines.
- * Any overcharging by the Supplier should be refunded to the customer within one month of the Supplier receiving meter details from the GT.
- * It may be appropriate for the Supplier to waive any undercharge as the Supplier has no right of disconnection for non-payment as the customer is entitled to an accurate bill based on an actual meter reading.
- * Where a Supplier can make an accurate re-assessment of the customers' bills based on actual meter readings, the Supplier could attempt to recover any under payment up to a maximum of six years.
- * Suppliers should advise customers to contact any company who has supplied their gas within the last six years. Suppliers must retain customers' records for three years (private company) or six years (public company) in accordance with the Companies Act 1986.
- * If there has been a change of tenancy since the error has taken place the previous occupant may also be affected. Suppliers should take responsible steps to trace the previous tenant and calculate any over / under charge as above.

C THEFT OF GAS

Shippers and Suppliers are responsible for investigating Theft of Gas taking place after the consumer control valve where there is a contract or deemed contract between the Supplier and consumer.

A Supplier should use 'reasonable endeavours' (as set out in the Licence) when investigating theft of gas incidents and attempts to recover the value of any gas stolen.

Provided 'reasonable endeavours' have been used, the GT is obliged not to charge and will refund any charges already made for any unrecovered costs of gas and transportation. In addition the GT will grant allowances in respect of the Supplier's costs of undertaking 'reasonable endeavours' where these are unrecovered.

Details of the procedures to be used in conjunction with the GT's 'reasonable endeavours' scheme itself and principles to be adopted by Suppliers in dealing with theft of gas leads are contained in separate documents.

Further work is currently being undertaken by Ofgem which may result in further changes in this area.

D ***DEFINITIONS***

The following definitions are particularly relevant for this Code of Practice and will be helpful in understanding its content fully.

“Code of Practice” means this document, which is owned by the Gas Forum

"Domestic Customers" gas customers who use gas wholly or mainly for domestic purposes

"Network Code" the business rules that will govern all gas shippers who use a gas transporter's pipeline network to convey gas.

" Gas Transporter" (GT) in this Code the term GT refers to the following Gas Transporters who hold a licence to operate a system to transport gas given under [Section 7 of the Gas Act 1995 and who have confirmed that they can comply with the requirements of this Code. These are:

"Gas Supplier" the holder of a licence to supply gas given under Section 7A of the Gas Act 1995

"Gas Shipper" the holder of a licence to convey gas given under Section 7A of the Gas Act 1995