

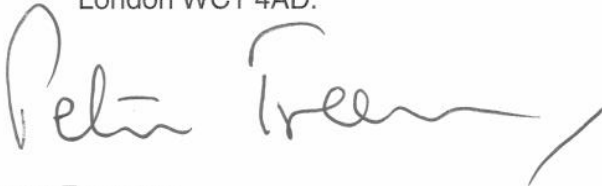
The Domestic Bulk Liquefied Petroleum Gas Market Investigation Order

Notice of intention to make an Order under section 165 of, and Schedule 10 to, the Enterprise Act 2002 and public consultation on the proposed Order

1. On 5 July 2004, the Office of Fair Trading (OFT), in exercise of its powers under section 131 of the Enterprise Act 2002 (the Act), referred to the Competition Commission (CC) for investigation and report, the supply of domestic bulk liquefied petroleum gas (LPG) in the UK. On 20 October 2004 the OFT announced, that following a period of consultation, it had varied the terms of reference to the supply of bulk LPG for domestic use.
2. The CC investigated the matters referred to it in accordance with section 131 of the Act and concluded, in accordance with section 134(1) that there were features of the market, either alone or in combination which prevent, restrict or distort competition within the relevant market, and in accordance with section 134(2) that an adverse effect on competition existed.
3. The CC regarded the following as features of the market which adversely affected competition;
 - (a) the practice of uplifting and replacing tanks when a customer switches supplier;
 - (b) the lack of information available to customers on the costs and benefits of switching;
 - (c) the imposition of contractual restrictions on switching; and
 - (d) the limited ability of suppliers to identify and target their marketing efforts on each other's customers.
4. The CC found that there was a detrimental effect on customers resulting from the adverse effect on competition and considered, in accordance with section 134(4) whether action should be taken by it, or whether it should recommend the taking of action by others, for the purpose of remedying, mitigating or preventing the adverse effect on competition concerned or the detrimental effect on customers so far as it has resulted from, or may be expected to result from, the adverse effect on competition.
5. The CC consulted on a range of possible actions in a Remedies Notice published on 23 August 2005. The CC considered that a package of remedies consisting of the following key elements would be effective and proportionate in remedying the various features of the market identified as having an adverse effect on competition:
 - (a) tank transfer with a price determined by a formula in default of agreement;
 - (b) standardization of, and improved information on, the switching process;
 - (c) changes to customer contracts; and
 - (d) improved information on suppliers and their offers.
6. The CC indicated in the report that it intended to implement the remedies by an order rather than undertakings. The CC now gives notice of its intention to make an Order.

A draft of the Order is attached. The CC invites written representations from any interested person or persons.

7. This notice and the draft Order have been published on the CC website.
8. In accordance with paragraph 2(2)(f) of Schedule 10 to the Act, which requires that consultation extends for a period of not less than 30 days from the date of publication of this notice, representations should reach the CC by 17.00 on 14 September 2007.
9. Comments on the draft Order should be provided to the CC, preferably electronically, or in writing and should be addressed to: david.peel@cc.gsi.gov.uk or David Peel, Inquiry Secretary, Competition Commission, Victoria House, Southampton Row, London WC1 4AD.

A handwritten signature in black ink, appearing to read 'Peter Freeman', with a long horizontal flourish extending to the right.

Peter Freeman
Group Chairman
Competition Commission
31 July 2007.