

Flogas Response to the CER Consultation Paper

Reference CER/09/136 entitled

Debt Blocking - Dated 14th August 2009

General

In considering the issue of debt blocking, there are two important but in certain aspects, conflicting principles to be considered;

- Firstly, customer switching should be easy and not unduly hindered.
- Secondly, there is no doubt that some customers will endeavour to avoid paying their debts and/or commitments if lax industry practices allow them to do so. It is therefore, right and proper that limited and well defined debt blocking procedures be available to Shippers in specified circumstances. We believe that the change of shipper process should be amended to help remedy this.

The challenge is to get the balance right between these two principles.

Proposal 1 - Maintain the Status Quo

The reality is that debt recovery procedures are expensive and limited in their effectiveness.

The current change of shipper process is open to abuse by those wishing to avoid paying debts or avoid their obligations under legally binding agreements.

We believe that some element of change in the current change of shipper process is justified.

Proposal 2 - Introduce Process Changes

We believe that it should be possible to introduce changes to the change of shipper process which help reduce the problems of debt hopping and breach of contractual obligations.

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We suggest that in certain clearly defined and restricted circumstances, the GPRO should reject a change of shipper request. A change of shipper request would only be rejected where;

- (a) there is an overdue debt.
- (b) the overdue debt is say in excess of €300.
and
- (c) the meter is locked or a meter lock request is pending
or
a disconnection notice has been issued in the last 21 days.

As regards to the above, the CER would have to issue certain stipulations regarding disconnection notices, e.g. disconnection notices for the purpose of the debt blocking regulations cannot be issued until a debt is at least 30 days overdue.

We do not believe that these proposals if implemented would hinder genuine commercially motivated customer switching.

Proposal 3 - Introduce Debt Blocking for Business Customers

A general system of debt blocking involving an objection process would be extremely difficult to design, implement and monitor. It could lead to a variety of abuses and disputes. It could hinder genuine change of shipper requests.

We therefore favour a beefed up version of Option 2 and would request that the Commission develop further detailed proposals incorporating the recommendations which we have put forward.

We look forward to hearing from you.

Yours sincerely,

Mark Gannon
Finance Director