

User Information Sheet 022

April 2009

OWNING YOUR OWN TANK

In its Final Report on the LPG Domestic Bulk Inquiry (29 June 2006) the Competition Commission (CC) confirmed that it had considered a number of remedies including customer ownership of tanks before concluding that tank transfer between suppliers was, in its opinion, the appropriate remedy. The CC accepted arguments from LPG suppliers, against customer ownership of tanks and concluded that, whilst it might remedy certain competition law issues the CC had with the tank uplift integrated supply model, customer ownership of tanks was not an appropriate remedy for safety-related reasons.

As safety is paramount the UKLPG believes that LPG consumers wishing to take on ownership of LPG bulk tanks should seriously consider the following serious safety, legal and other issues before deciding to purchase.

Safety – LPG bulk tanks are dedicated pressure vessels which are heavily regulated and covered by a variety of legislation. As the owner of the tank a consumer will need to ensure that he/she is fully compliant. The legislative framework includes the:

- **Pressure Systems Safety Regulations** – As a tank owner the consumer will have to be able to formally demonstrate compliance with a range of legal requirements. Consumers will require the services of a Competent Person to develop their own Written Scheme of Examination which is in a format acceptable to the Health & Safety Executive to ensure that the driver is not put at risk during his deliveries. This Written Scheme of Examination will include for example, such things as routine on-going checks, annual checks of cathodic systems (underground tanks) and periodic statutory examinations. The services of a competent inspection body will need to be contracted to undertake the work on an on-going basis. This will attract additional costs.
- **Gas Safety (Installation & Use) Regulations** – To confirm compliance with these Regulations consumers will have to ensure that there is appropriate formal Emergency cover for their installation. This is not available via the Emergency Services and has to be provided by the LPG supplier. With deliveries likely to be from multiple suppliers it will be difficult to establish which supplier is responsible. In addition, a supplier legal duty is to 'make safe' and any rectification work will be at the customers' expense.

Insurance – Any consumer taking on the ownership of an LPG bulk tank will need to inform their insurance company and obtain additional insurance as required.

Gas Supply choice – Whilst a consumer owns their own tank they have no guarantee that they will have any greater choice of supply options. This is because LPG suppliers may not be prepared to supply in to a customer-owned tanks for justifiable safety and legal reasons.

Tank transfer in the future – Consumers might decide that they no longer want to own their own tank and want to sell it on to an LPG supplier, but find that this is not possible. This is because it is very hard to see how a domestic customer could comply with the certification and documentation requirements which the CC Order imposes on an outgoing LPG supplier, and with which such supplier can comply because of the health and safety legislation which applies to all LPG suppliers, but cannot apply to a domestic customer.

UKLPG is fully committed to supporting the LPG industry in implementing the CC's Orders and the objective of making switching between bulk LPG suppliers easy and hassle-free for the LPG consumer without having to deal with a whole raft of regulations.