

Formerly UKLPG User Information Sheet 022 - April 2009

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## Owning your own LPG Storage Vessel

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 storage vessels before concluding that vessels transfer between suppliers was, in its opinion, the appropriate remedy. The CC accepted arguments from LPG suppliers, against customer ownership of vessels and concluded that, whilst it might remedy certain competition law issues the CC had with the vessel uplift integrated supply model, customer ownership of vessels was not an appropriate remedy for safety-related reasons.

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

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

**Pressure Systems Safety Regulations** – As a pressure vessel 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 storage vessel will need to inform their insurance company and obtain additional insurance as required.

**Gas Supply choice** – Whilst a consumer owns their own storage vessel 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 into a customer-owned vessel for justifiable safety and legal reasons.

**Tank transfer in the future** – Consumers might decide that they no longer want to own their own vessel 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. One significant reason is that a supplier is required to comply with health and safety legislation, but the regulations do not apply to a domestic customer.

Liquid Gas UK 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.

## Liquid Gas UK

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