

# TOTAL GAS & POWER

Andrew MacFaul  
Consultation Co-ordinator  
Ofgem  
9 Millbank  
London  
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28<sup>th</sup> May 2009

Dear Mr MacFaul

Re: Response to the Energy Supply Probe Consultation 41/09 Proposed Retail Market Remedies

With regards to the consultation above, Total Gas & Power ("TGP") would like to respond, in particular with reference to section 5, Helping small business consumers and section 6, Promoting market transparency. As TGP is solely an I&C supplier, it is these two sections that have a direct impact on our business.

## Section 5, Helping small business consumers

The first issue that we have is applying the definition of "micro business" for the purposes of the proposals. Firstly, TGP do not currently hold the information necessary to identify whether a customer falls into this category of customer and therefore would need to collate the information. Secondly, it would prove very difficult to validate this information provided by the customer, and we do not believe that it would be cost effective to do so. Thirdly, TGP believe that this adds an additional level of complexity and has the potential for prolonging any dispute that the supplier may have with the consumer as to whether they fall into the definition of a "micro business". We need to reduce ambiguity not increase it. A better solution would be only to use an annual quantity threshold for the product (gas or electricity) that the supplier is contracting for, which is something the supplier can verify. This AQ should be the one held within the industry systems. For gas this could be 55,000 kWh per annum and for electricity, this could be 200,000kWh, being the thresholds stated in the definition of "micro business".

## Increasing availability, clarity and transparency of information

TGP agree with all the bullet points in 5.11, except in relation to the last bullet point, where TGP believe that notice should be provided to the customer in advance of falling out of contract as a (better) alternative to providing notice after the contract has expired. The requirement should be that suppliers "take all reasonable steps" to notify.

## Eliminate ability for contracts to be automatically rolled over

TGP strongly disagrees with the proposal to remove suppliers' ability to automatically roll over fixed term contracts. The very purpose of having a roll over clause is to stop apathetic small business customers from falling out of contract. Without the ability to roll over the contract term, many, if not most, customers would find themselves on higher prices, because the out of contract rate necessarily reflects the supplier's inability to procure on the market for a fixed term. Furthermore consumer complaints of being on the deemed contract will increase dramatically.



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In our experience our customers are happier that their contracts run over for a further period after the expiry of the fixed term, rather than carrying the administrative burden of checking and signing a new contract every year.

If suppliers' freedom to enter into roll over arrangements is removed, then their right to debt block where the customer is out of contract should be reinstated, and we would support the proposal that this be achieved through a new licence requirement.

As a final point on the question of Ofgem preventing suppliers from entering into roll over arrangements, we would contend that any attempt by Ofgem to do this retrospectively so as to apply to existing contracts would be contrary to legal requirements of reasonableness. There are already binding contracts in existence between us and our customers containing roll over provisions and it would be unreasonable for Ofgem to place suppliers in the position whereby they would be in breach of a licence condition for observing or exercising the terms of an existing customer contract.

#### **Accreditation scheme for non - domestic switching sites**

TGP does not believe it to be appropriate for non domestic suppliers to contribute to online price comparison services because our products and pricing are innovative and all our price offerings are individually negotiated.

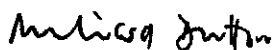
#### **Strengthen code of practice for Third Party intermediaries**

TGP supports any proposal to make TPIs' arrangements more transparent for consumers, especially to allow consumers to know who their energy supplier actually is (which some TPIs prevent).

#### **Section 6, Promoting market transparency**

TGP supports any step that would improve transparency and greater liquidity in the gas and power markets.

Yours sincerely



**Richard Dutton**  
Head of Pricing and Power Economics