



Making a positive difference
for energy consumers

Date: 4 June 2014

Dear

Wholesale Costs

I am writing to you today in relation to the significant falls in wholesale gas and electricity prices we have seen over the past year or so.

In a competitive market, I would expect the threat of losing market share to encourage suppliers to pass on sustained reductions in wholesale costs as savings to consumers as soon as possible. If that is not happening, it could be seen as further evidence that competition is not working for consumers as well as it should be. A concern that savings were not being passed on to customers was one of the reasons why we have proposed a referral of the energy market to the Competition and Markets Authority for investigation.

I should stress that pricing decisions are entirely a matter for individual suppliers. Each supplier will of course have its own strategy for purchasing energy, which will determine the impact of falling wholesale prices on its business. However, the downward trend in falling wholesale prices seems clear and should reduce wholesale costs increasingly over time.

Given the need to re-build consumer trust in the market it is important that suppliers explain to their customers these changes in the wholesale market and what impact they will have on their pricing policies. I would welcome an explanation of how you are doing this.

Yours sincerely

Dermot Nolan
Chief Executive Officer