

Call for input on the Non-Domestic gas and electricity market.

Key Questions

We offer this submission as stakeholders being residential park home domestic users of electricity provided by our park owner under commercial contract from his supplier, REDACTED.

Since we have no direct relationship with the electricity supplier, we do not feel qualified to answer a number of the questions posed, as identified.

However, we believe our input in relation to how current practices and regulations affect residential park home residents and park owners is extremely relevant and highlights those areas where action needs to be taken as a matter of extreme urgency.

Park Home residents are in the main retired elderly and, in many cases, vulnerable people on relatively fixed incomes. It should be a matter of concern to all legislators that in so far as electricity prices are concerned, this poorly regulated and unprotected section of British Society can be so ruthlessly exposed to the outrageous imposition of unit prices and standing charges that are far in excess of those applicable to the general public in the domestic energy market. (In our case up to £1.51 per kw and £65 per day standing charge equating to more than £2 per day per household for the 31 houses on our park) To be clear, this means that our vulnerable pensioners could be exposed to annual charges of over £720 plus VAT **even if they don't use even one unit of electricity in the year.**

We suggest this amounts to grossly unfair discrimination against those who have paid into the municipal coffers all of their working lives and now deserve the best of protection, not the worst. Apart from the obvious financial and extreme mental harm, it is also to everyone's detriment, residents and park owners alike, as ultimately it renders these park homes practically unsaleable unless the situation is properly and fairly addressed.

Q1. Do you have evidence of suppliers not being proportionate or reasonable regarding charges necessary to secure a contract, including security deposits? If so, please provide us with details.

Not qualified to comment

Q2. Do you have suggested solutions to the concerns around high costs requested to secure a contract and manage risk?

Not qualified to comment

Q3. Do you believe there has been an improvement in terms to contract as market conditions start to show signs of improvement? Please explain your answer.

Not qualified to comment

Q4. Do you have evidence to support the allegation that suppliers have been inflating prices in response to the introduction of the Energy Bill Relief Scheme? If so, please provide us with details.

Not qualified to comment

Q5. What issues are you aware of businesses having in relation to deemed contracts?

We understand that our park owner is on a deemed contract with REDACTED for the reasons stated in our comments under Q11 below. Consequently, we understand the prices on each monthly invoice he receives are variable depending on prevailing market rates. He therefore has no means of letting his residents know in advance what price per unit he will have to charge. The residents are therefore unable to budget for their electrical energy consumption. In addition, this means the residents meters must be read monthly and invoices issued monthly to enable the park owner to accurately pass on the charges to residents as he must. This will only add to his administrative costs which he is entitled to pass on to residents further exacerbating the potential cost implications for them. Clearly a deemed contract with monthly price fluctuations is entirely unsuitable for the owners of park home sites, especially as they are providing supplies to old and vulnerable people on fixed incomes with a need to budget cautiously.

Q6. Are there any other matters not discussed above related to pricing and contractual behaviour that you would like us to explore? Please provide details and your reasons

*It is wholly unreasonable to regard **domestic** electricity provided via a park homes site owner as a **non-domestic** contract between the energy company and the site owner and this is the root cause of the current horrendous difficulties.*

*The site owner is doing nothing more than providing a facility for **domestic** residents to enjoy an essential **domestic** supply to **permanent** residents on his/her park.*

By law, the park owner is not allowed to charge more for the electricity than it costs him or her and, in fact, is only able to add VAT at the rate of 5% though the contract with the electricity company might attract a rate of 20% VAT as it is regarded as non-domestic.

In essence, all the site owner is doing is to provide a conduit to supply electricity to permanent residents, yet the current arrangements place both the site owner and the end user at a serious disadvantage,

An additional area of concern is that several of our residents would appear to qualify under the Priority Services Register and, since our individual households enjoy their own domestic contracts with gas suppliers, it is relatively easy for them to register with the gas supply companies with whom they have contracts.

This is not the case with the Priority Services Register in the electricity market as households do not have that direct relationship with electricity suppliers as the contractual relationship is between our site owner and the electricity supplier. As a result, eligible residents have not registered for this important facility with the electricity companies.

Q7. Do you believe there has been an increase in offers to contract in the past year as wholesale market conditions improved, or are there are segments of the market that are still struggling to secure contracts?

Not qualified to comment

Q8. Are suppliers following the best practice steps around debt management and disconnection that we highlighted in our December 2022 letter, or do you think that

licence conditions need amending? Please provide evidence for your views and details of any specific examples.

Not qualified to comment

Q9. Are suppliers' complaints processes easy to find on their websites, or elsewhere? Do you believe we need to strengthen the rules around complaints processes? Please explain the reasons for your response.

It is very difficult to identify a clear path for processing a complaint in this specialist area.

Whilst it may be straightforward for the site owner to initiate a complaint with the originating electricity supplier, it is very unclear what roles Ofgem or the Ombudsman for instance have in considering any subsequent appeals.

Since our park home residents do not have a direct contractual relationship with the electricity company, we do not have any basis or mechanism to complain if we have concerns about the level of charges. This can only be done through the site owner.

Whilst we can use Mobile Homes Act legislation to challenge our site owner's apportionment of the charges raised against him by the electricity company, we have no mechanism to contest the obvious unfairness of the charges raised by the electricity supplier in the first instance.

And, in our own situation as park home residents we are working very closely with our site owner to achieve a reasonable and sensible outcome it seems unreasonable for us to use the tribunals system under the Mobile Homes Act against our site owner to achieve a solution. As park home residents, we value our good relationship with our owner and would not want our use of the tribunal system to damage that relationship. In any event, such a determination via the tribunal is likely to result in a solution detrimental to our own park owner and that in itself would be unfair.

Q10. To what extent do you believe the communication you receive from your non-domestic supplier is clear and transparent? Please provide examples where possible.

Not qualified to comment

Q11. Do you think the issues around Change of Tenancy/Occupier are significant? What potential solutions would you suggest to address the perceived shortfalls in the existing Change of Tenancy and Change of Occupancy processes, that do not exacerbate the potential for fraud?

As park home residents we are not parties to these agreements/arrangements, but we are severely adversely affected by them. We were totally unaware that the change in ownership of our site rendered the existing electricity supply contract with the previous owner null and void. And we continued to use electricity in full expectation that the previous fixed term tariff agreement would continue. To find out some six months later due to unexplained delays from REDACTED – and without any consultation on its impact on our electricity bills – we now find our electricity sup are regarded as non-domestic and therefore subject to massive potential cost variations to an extent that they are wholly prohibitive for some, if not all, of our residents.

And to find that our current supplier will not contemplate establishing a new contract going forward because our new owner lives in the USA, is not a UK limited company and has no track record of submitting annual accounts has only compounded the worry for our residents.

Q12. Are there any other issues you would like to highlight related to competition in the non-domestic supply market? Please provide detailed explanations

Not qualified to comment

Q13. Do you believe there are segments of the non-domestic supply market, other than microbusiness customers, where there is not sufficient market pressure to correct any potential inappropriate supplier behaviours? Please provide detailed descriptions of these customers and evidence to explain your view, including what aspects of harm the regulations would need to help protect against.

Not qualified to comment

Q14. If you responded yes to question 13, please suggest how these customers could be defined in the supply licence and identified by suppliers and customers.

Not qualified to comment

Q15. If we expanded the definition of microbusiness customers or created a new class of customers, what are the possible implications and costs of doing this?

Not qualified to comment

Q16. What additional protections do you think might need to be put in place to protect domestic customers who are supplied via a non-domestic contract? Please provide an explanation or evidence of the areas of harm any new regulation would protect against.

In essence, we do not feel it is right to categorise supplies to permanent park home residents as non-domestic in the first place. This is a complete misnomer and is the whole reason why permanent park home residents are placed at a disadvantage in the first place.

Government eventually acknowledged that the £400 energy subsidy should also apply to park home residents supplied electricity via their site owner because they were disadvantaged compared to normal domestic customers.

To continue to regard these as non-domestic contracts can only exacerbate the current unfair situation and lead to old, retired and vulnerable people being unfairly exposed to the volatility of the commercial and industrial electricity market.

Q17. Do you agree with the definition of, and clarifications around, what is a domestic customer as described in Appendix A? Are there other areas where further clarification is required?

We have the following comments on the current definition:

The non-commercial collective purchase of gas and/or electricity supplied to a single meter point for wholly or mainly domestic use are classified as supply for domestic purposes if the terms between end users and the entity supplied are non-commercial in nature. This includes non-standard residency structures, where:

(a) Gas or electricity is supplied to the relevant premises by a single meter point.

No comment. This is exactly the position with our park owner.

(b) the supply of gas or electricity to the relevant premises is for wholly or mainly domestic use on the proviso it is not resold.

No comment. This is exactly the position with our park owner.

(c) the owners and/or tenants of the relevant premises have direct control over the entity that enters into a contract with the licensee for the supply of gas or electricity.

Our site owner has direct control over the entity engaging in the electricity supply contract but as tenants we have no input. Perhaps some clarity (or consultation/negotiation mechanism) needs to be added here to prevent unthinking site owners agreeing to supply contracts which would result in prohibitive costs for residents/tenants.

and

(d) the agreement between the entity that enters into a contract with the licensee for the supply of gas or electricity to the relevant premises and any other person for the provision of gas at that premises is not commercial in nature.

In our own situation, meeting this requirement would be impossible. Our site owner runs a commercial venture here on the park. He/she is entitled to a profit/return on the money invested and this is achieved commercially through a ground rent charge. But there is no commercial advantage gained by the site owner through the electricity supply per se. The owner is not permitted to resell at a profit and may incur a financial disadvantage because VAT on charges passed on to residents can only be assessed at 5% and not the 20% charged. The same applies to Climate Levy charges which are imposed but which the owner is not permitted to pass on to residents.

Q18. Do you have any further comments about how the non-domestic market is currently segmented?

Not qualified to comment