

Call for input on the non-Domestic gas and electricity market

- 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.*

As domestic consumers supplied energy under a non-domestic contract by an unregulated site owner, park homeowners are denied freedom of choice in sourcing their own energy supply contracts and have no alternative to purchasing their energy from their site owner, who lacks any incentive to source the best possible unit tariff.

Additionally, in the event of serious power outages, the same consumer is also denied compensation under the Government compensation scheme, due to the practice of selling energy to a domestic consumer, under a non-domestic contract.

These are unfair terms under the Consumer Rights Act 2015, and urgent action must be taken to rectify this serious anomaly.

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

The Master Meter for the park home site is registered with the Distribution Network Operator (DNO), in the park owners' name. From enquiries made by IPHAS, there is no reason why multiple names and addresses (of park residents), cannot also be recorded against the Master Meter.

IPHAS are also concerned that currently, park home consumers cannot apply to be included on the Priority Services Register (PSR), as they have no identity with a DNO. This is a grave oversight as most park home sites are primarily retirement communities comprising many elderly and vulnerable residents, many with challenging health conditions requiring uninterrupted energy supplies.

This situation completely undermines the Ofgem objective 'to protect energy consumers, especially vulnerable people, by ensuring they are treated fairly and benefit from a cleaner, greener environment.'

- 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.*

On the contrary. Given the rise in wholesale energy costs, the park home consumer supplied under a non-domestic contract, cannot benefit from the same Governments price capping regulations that apply to domestic contracts. This may well place the park home consumer under a financial disadvantage in future.

As domestic consumers supplied energy under a non-domestic contract, any park homeowners subject to significant power outages are currently denied compensation under the Government scheme. Ofgem have been reviewing this deficiency since the publication of the Storm Arwen report and publication of the findings of the review commissioned from PwC in late 2022 by Ofgem, final recommendations have yet to be made public.

Where is the protection for the consumer?

- 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.*

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The park owner will often refuse to comply with the Ofgem rules for resellers. They reject residents' requests for information about the energy supplier and his costs *'as he has a business contract, the contents of which are confidential'*. This also contravenes the rights of residents under park home legislation. This requires that on request, the resident is to be provided with *'documentary evidence in support and explanation of (the park owners) charges.'*

- The Maximum Resale Price (MRP) direction means that the site owner cannot make a profit from the energy they resell to residents. They must only recoup the price they paid to the energy supplier.
- However, residents must pay for their proportion of the site's usage, as far as can be reasonably calculated by the site owner.
- The reseller can't cover any of their own energy use by charging it out to residents.

These last two statements are a complete contradiction as some park owners and/or their staff, live on their site and their consumption is shared in total between the remaining homeowners.

Transparency in charging is very elusive.

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

Under Park Home legislation, it is illegal for a park owner to operate a residential site without a licence issued by the Local Authority (LA). Furthermore, since October 2021, a park owner must also submit himself to a Fit and Proper Person test by the LA.

Parks often change ownership without notifying the residents, who are often left not knowing who the new owner is, and no certainty that essential energy services will continue to be supplied to their home. When referring the matter to the licencing authority, they usually find that they haven't been informed of the change of ownership either.*

Regulation to ensure the continuation of electricity and gas supplies for residents when their park changes hands, is essential.

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.*

Park Home residents in the non-domestic energy market have no freedom of choice in who provides their energy and are therefore vulnerable to exploitation. As park homeowners are not directly responsible for paying for their energy directly to a supplier, they do not have the right to switch supplier. IPHAS consider this to be an unfair practice under the Consumer Rights Act 2015.

Linking multiple names and addresses of park residents, to the Master Meter (see Q.2), may provide the opportunity for residents to negotiate their own energy supply contracts. Residential Parks are often subject to further development. The reality is this is done without prior notification being given to the licencing authority. There are often instances where the original power requirements for the park become overstretched leading to frequent, inconvenient power outages. IPHAS are also aware of inadequate maintenance activity affecting power supplies, sometimes compromising the safety of the individual and his property. Additionally, park home consumers being denied access to the site facilities where individual electricity meters are housed.

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Park Homeowners should be brought under the same protective umbrella provided to other energy consumers, by the industry Regulator Ofgem.

- 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?*

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- 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.*

Debt management and disconnection does not usually relate to Residential Park homeowners in the non-domestic gas and electricity market. However, IPHAS are aware that on some parks, the owner will attempt to make residents financially responsible for recovering power outages when there has been a breakdown in the electricity infrastructure on the park. They will accuse a homeowner of damaging or overloading the supply, and will demand they take responsibility for the costs of any repairs and reinstatement of service. IPHAS recommends all such matters are immediately referred to the local authority for action under the site licence. This is often time consuming and involves much lobbying before the matter is resolved.

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- Q9.** *Are suppliers' complaints process 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.*

For a park home resident, the first port of call in any dispute is the park owner. Most park owners do not live on or near their sites, and many show complete indifference to a loss of power. "What do you want me to do about it?" is a common response to an outage.

The present jurisdiction for resolving energy disputes on park home sites is as follows.

- a) For contractual issues such as pricing and charging, residents must submit their complaint to the First tier Tribunal Property Chamber (FtT), part of the Justice Department. However, referring such a matter to the FtT is exacting, including an application fee of £100. The progress of any complaint usually relies on the co-operation of the park and/or park owner against whom the complaint has been raised. In recent times, once the park owner has been notified of a case against him, it is not unknown for the applicant to receive a letter from the respondents' solicitor, warning that should the case not be decided in the applicants favour, they may find themselves liable for the respondents costs of up to several thousand pounds.

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- b) Energy infrastructure and supply related issues are dealt with by the licencing authority. In the event of a serious breakdown in supply, IPHAS find that persuading the authority to accept the critical nature of an incident is often problematic. Issuing a site licence is one thing. Being required to police issues or intervene in operational matters under that licence, is often difficult, irrespective of the potential risk to health and well-being of park home residents who may well be elderly, vulnerable, and have challenging issues that rely on an uninterrupted supply of power. Without an advocate such as IPHAS to advise and assist, bearing down on such matters may well be beyond some residents.

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.*

Residential Park owners rarely adhere to the Ofgem rules for resellers. Refusing to provide the consumer with details of his energy supplier often leads to complications in the event of a power outage, particularly if this happens at any time when staff are not present on the park. Park owners who live remotely from the park, can be difficult to contact to report outages, leaving it impossible for the consumer to report a fault. IPHAS always recommend notifying the licencing authority, but there is no legal requirement for them to be told the identity of the energy provider.

Communications from park owners are usually limited to the delivery of energy bills, or letters notifying occupiers of an increase in tariffs. It is not unknown for increased tariffs to be imposed without any form of notice being provided to the consumer. Power can be turned off for reasons of site maintenance without prior notification or explanation, usually without any indication as to how long the outage will last. The consumer has no knowledge of the nature of an outage, or whether it is temporary or more serious.

Tighter regulation and supervision of the non-domestic retailer is required.

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?*

Change of ownership of a residential park home site, can leave the consumer with serious issues, not the least of which is uncertainty about the continuance of essential services to the site, as it is usual that contracts for services agreed by the previous owner will be cancelled when he relinquishes ownership of the park. The new owner will need to negotiate new contracts for site services, but failure to establish new contracts quickly can adversely impact the consumer. Additionally, new contracts may include significantly onerous terms, with the inevitable financial penalty to the consumer.

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

Park home residents should be able to access alternative sources of supply other than from their park owner. Government Departments will state that remedies are available to the consumer, but the IPHAS experience is that the park owner will point out that the occupier has contracted for the park owner to supply his energy needs.

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- Q13.** *Do you believe that 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.*

Regrettably there is no market pressure on the park owner with a non-domestic contract.

Not all park home sites are microbusinesses (Ofgem definition). The park home consumer, who must buy energy from their unregulated and unpoliced park owner, need the same degree of protection afforded to those who enjoy domestic contracts including protection from; overcharging, lack of transparency of the charges they are asked to pay, unreliable and dangerous infrastructure, the lack of compensatory measures and complaints procedures, enforced single sourcing and lack of legal protections. They also need access to alternative sources of supply.

- 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.*

Residential park owners need to be classified and licensed as ‘Second Tier Suppliers.’ They need regulation to maintain accurate customer databases, records of client usage and charges made and provide the same compensatory and other protection measures as currently licenced suppliers.

- 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?*

If the IPHAS proposal set out in answer to Q.2 were adopted, there would be modest administration costs for the site owner and DNO, in providing and collating the names and addresses of energy consumers on each site. This should not be excessive as the site owner should already have a database record of all those who live on his park. That could be a simple E transfer to the DNO, who can absorb that information into his own records. The local authorities site inspections should verify that the energy delivery infrastructure meets the required standard. Whenever a home changes hands, the new occupant will have to register with a DNO of his choice, for the future supply of energy. Presumably, the resources needed to police future business activity, will be similar to those required for policing licenced DNO's?

- 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.*

Overcharging, lack of transparency with regards to the charges they are asked to pay, unreliable and dangerous infrastructure, the lack of compensatory measures and complaints procedures, enforced single sourcing and lack of legal protections. IPHAS recently received a complaint that the new owners (a well-known conglomerate owning many parks), took over a park and without consultation, installed new meters to every home and are now charging an extortionate unit tariff.

- 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?*

Using Ofgem's own definitions the park homeowner is considered a consumer, a customer supplied with gas or electricity at domestic premises. By law the park homeowner's

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domestic premises *must be his only or main residence* - otherwise he can be removed from the park. The definition of domestic premises is *homes where consumers live*. Non-domestic premises are defined as businesses habitually uninhabited domestically.

The reality is that tens of the thousands of people are penalised although against either definition, they are domestic consumers. This is because the circumstance of them having to rely on an unregistered, unlicensed non-domestic reseller for their energy suppliers. They are impacted by a microbusiness in which they have no financial or other interest, save that they pay an annual pitch fee (ground rent), under contract with the landowner.

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

There is a significant obstacle to providing detailed evidence to support IPHAS responses to the Ofgem call for evidence. Many park homeowners are fearful of repercussions from their park owner, if they are known to have provided information that criticises the park owner, and his (questionable) activities are brought to the attention of the Tribunal. Harassment, intimidation, and abuse are not uncommon for those 'caught on their own'. There are a lot of 'old' parks around the UK, where the reliability of the distribution infrastructure is questionable. and the inspection records of some

* IPHAS refer you to the additional correspondence submitted with this document regarding continuation of electricity supply to a park when it changes hands and other, related issues. The issues explained in these documents is atypical of disputes that arise following a **change of park ownership**. Currently, there is no legal requirement for a park owner to notify residents that the park is to be sold. Often, the first time a resident becomes aware of the change of ownership, is when he receives a bill from the new owners.