

POLICY CONSULTATION RESPONSE 8

Dear Sirs/Madam,

I am pleased to offer my view on the energy market.

I wrote to you CEO Jonathan Brearley last March with the attached letter.

I received a reply from a [REDACTED], in Glasgow who signed himself as an “engagement analyst, delivery & schemes”

I don't understand his title and he did not address my concerns.

They are as follows:

1. My main concern remains the same today. For every other commodity there is a published transparent price.

Electricity should be no different. The generators, distributors and brokers wrap themselves in mystery and make out the difficulty of publishing prices. Why is there no market as there is with every other conceivable commodity even orange juice and hogs!

2. Despite asking we never got any details of commissions—” just a small amount 1 or 0.5 p added to the price but you don't pay the supplier pays!”
3. The price is based on the marginal gas price but gas is only used for 35% of the electricity generated based on the Nat Grid figures for the last year. The balance was renewables at 35% and other (nuclear and bio-mass) 20% .Thus the input cost of 55% was substantially lower. The suppliers are making huge profits due to the frankly crazy pricing system.
4. The brokers do no research and are basically tele salesmen using inappropriate selling tactics. AS I recorded, last December one went so far as to tell me that if I did not fix for the year going forward, I risked my business going bust!

Time for a major rethink and the need for a “big bang” moment in the electricity distribution market. It produced quick and significant lower costs when the stock exchange in 1986 changed the structure of the market and removed the restrictive practices on commissions.

Regards

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