

Sent by e-mail to: NonDomesticRetailPolicy@ofgem.gov.uk

Date: 06 September 2023

Regent Gas' response to Ofgem's Non-domestic market review consultation.

Dear Sir/Madam,

Regent Gas welcomes the opportunity to share our perspectives and provide feedback in response to the recent consultation.

We have based our responses on our experience as a supplier a privately-owned British business gas supplier providing natural gas, and connections to medium-sized and large organizations, throughout England, Scotland and Wales.

If you would like to discuss any areas of our response, please feel free to contact me on
[REDACTED]

Yours sincerely,

Alunga Kalawe
Regulation & Compliance Manager

Q1. Do you agree with our proposal to agree voluntary improved pricing transparency and if so, please include comments on the particular areas you would like to see made more transparent?

A1. Yes, we support the idea of enhancing pricing transparency voluntarily. Specifically, we suggest focusing on increasing transparency regarding the TPI commission which are included in supply contracts.

Q2. Do you agree with our proposed definition of 'significantly exceeds'? Please provide your reasons.

A2. Yes, we support the suggested meaning of 'significantly exceeds' as outlined in the SLC

Q3. Do you agree with our proposal that suppliers should review deemed contract rates quarterly? Please provide your reasons.

A3. We believe that conducting quarterly reviews of deemed contract rates is a positive approach. Quarterly reviews can serve as a baseline, but suppliers should have to have the flexibility to adjust these rates depending on market conditions and wholesale price volatility.

Q4. Are there any potential implications for domestic customers that the proposed guidance on deemed contract rates may impact on?

A3. We do not operate in the domestic market, so this is not applicable to us

Q5. Do you have any further comments on our proposals for the deemed contract guidance?

A5. We appreciate the effort to distinguish between deemed rates and out-of-contract rates. It's important that deemed rates aren't set too low. If regulation is introduced to set deemed rates at a level too low to compensate suppliers for the higher risk of supplying under a deemed contract, this will distort current pricing and evaluation of risk. For example, the pricing of fixed / flex contracts could have a risk premium applied based on the probability of a COT occurring during the contracted period.

Q6. Do you have any other comments on the other proposals in this Pricing and contract behaviour section?

A6. We have no additional comments.

Q7. Which documents, or combination of documents do you believe would provide a robust evidence base to demonstrate a genuine CoT/CoO?

A7. For a reliable demonstration of genuine Change of Tenancy (CoT) or Change of Ownership (CoO), the evidence should be uncomplicated and readily accessible for customers. The following list of documents could be used:

- A straightforward form containing essential details, completed by either the incoming or outgoing tenant so the CoT / CoO is captured in writing.
- A copy of the lease agreement or the documents related to the property sale to be provided if proof the CoT / CoO is required by the supplier

In cases where the provided information has discrepancies, or the supplier has grounds to question the authenticity, intention of the CoT / CoO, the supplier should have the right to request additional confirmation from a professional individual assisting in the transaction such as an accountant, lawyer, banker, etc.

While passports and other ID documents are not required by us as all our business is with limited companies it may require by other suppliers who supply microbusinesses or sole proprietors. We support the proposal of establishing consistent set of COT/COO evidence documents

Q8. Are Micro Business Consumers aware they can contact Citizens Advice for support? Do we need to introduce a rule requiring suppliers to signpost them more specifically?

A8. We cannot comment as we do not supply Micro Business customers.

Q9. Is an obligation requiring efficient and timely complaints handling needed? If so what are the costs and benefits associated with introducing this?

A9. The market segment in which we operate, multi-site medium to large users of gas, we are not aware of any issues with the complaint handing. Given the value of contracts and the role TPis play in acting on behalf of their customers, customer service is of paramount importance. Our concern is that by introducing complaint handing obligations it could have the effect of distorting a market segment which we feel is working well.

If an industry-wide obligation for efficient compliant handling is to be introduced, it would be useful if a supplier and customer can contract outside of this obligation. For example, to complete a meter accuracy test on a large rotary meter will take more time than one on a domestic or small diaphragm meter.

Q10. Is an obligation requiring recording, handling and processing of complaints in accordance with consistent rules needed? If so, what are the costs and benefits associated with introducing this?

A10. Many companies likely already have procedures in place for addressing complaints. It would be helpful to provide guidance on how to handle complaints consistently across the entire industry. This guidance should consider the different types of complaints and customers (non-domestic, industrial, cafes, shops, offices, etc.). It would be detrimental to the same recording, handling and processing of complaints for all I&C customer regardless of their size. Depending on how these obligations are applied the costs could be a reduction of choice of products available or an increase in the cost to serve due to the risk of not meeting regulatory standards. We find that TPI we work with are effective in managing customer complaints and by providing a poor service to a TPI's customer would adversely affect our business.

Q11. Do you have any views on what (if any) threshold should apply on business size for complaints handling requirements, or views on which requirements set out in the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 should not be expanded to apply to all non-domestic customers?

A11. We do not feel that there is a need for complaint handling requirements to be applied to customers larger than micro-business. This market segment is working well with TPIs playing an important role in recommending suppliers to the customer based amongst other things on the customer service. Large multi-site customers require a large amount of time an interaction with complex issues to resolve and we are not sure such customers with diverse requirements can be best served by having complaint handling requirements that also serve micro-business customers.

Q12. We are seeking stakeholder views on our suggested proposals to government around increasing access to the Energy Ombudsman. Should there be a threshold on who can access the Energy Ombudsman? If so, where should this be set?

A12. The current threshold where the Energy Ombudsman services micro business is adequate. If considering increasing this threshold one must consider that currently any dispute where the value is more than £100K is heard at the High Court. All High Court judges are at the top of their professions with most being King's Council. The claims limit for a small claims court is £10K so the threshold for access to the Ombudsman could be linked to the amount that will be heard in a small claims court.

Q13. We are seeking stakeholder views on the proposed changes to the rules requiring suppliers work with TPIs who are members of a redress scheme. Additionally, what are your views on the costs and benefits associated with the different proposals?

A13. We have not had any cases recently where a large customer has raised an issue with us about the service provided by their TPI. If the intention is for all customers to be able to participate in the redress scheme there should be an option for customers to choose to contract outside of the scheme with the TPI. This could then enable the TPI to provide additional services which are not covered by the ADR. By expanding the size of customers having access to the ADR, our concern is that cost to serve for the TPI will increase.

We believe it's a positive step to regulate TPIs. We recommend that Ofgem directly engage with TPIs to ensure the enforcement or adjustment of the TPI code of conduct. This approach would likely enhance the overall reliability and quality of services provided by TPIs, benefiting both customers and suppliers.

Q14. What are views from stakeholders on how long it would take to set up and register for a wider TPI ADR scheme, one that goes beyond Micro Business Consumers?

A14. Services that a TPI provides generally increases in complexity and scope as the size of the customer increases. These services could include making energy saving recommendation covering the physical equipment on a customer's site to the project management of installation of energy saving equipment. Given the complexity and breadth of services which TPIs offer, it would be more efficient for the customer once they know the remuneration being paid (through disclosure of commissions) to judge whether the services provided by the TPI fall short of what was agreed, and if this is the case then take action against the TPI through legal channels. The risk of expanding the TPI ADR scheme is that the cost to serve and the risk of doing business for a TPI increases which could lead to a reduction in competition amongst TPIs and increasing the fees charged across the industry.

Q15. What are your views on our proposal to expand SLC OA (non-domestic Standards of Conduct)? Do you have any views on which consumers they should or should not apply to? Please provide any views on costs and benefits of making this change.

A15. We support the extension of the code of conduct for microbusinesses to cover non-domestic customers, but there should be some flexibility when doing business with larger customers under complex contractual arrangements. There should also be an option for customers to be able to contract outside of the conditions of SLC OA. We expect costs to be higher, but it is difficult to quantify

Q16. Do you have any further comments on the proposals in this section on Competition in the market and customer complaints?

A16. We have no further comments

Q17. What are the views of Distribution Network Operators (DNOs), Independent Distribution Network Operators (IDNOs), Gas Distribution Networks (GDNs), and Independent Gas Transporters (IGTs) on the potential issues of targeting support to vulnerable end users supplied through non-domestic contracts?

We are unable to comment as we do not supply vulnerable end users

Q18. What changes to the Maximum Resale Price direction would improve its effectiveness and what are the potential downsides to any changes?

A18. We are unable to comment as we do not operate in the domestic market"

Q19. What are the costs and benefits associated with the proposal to expand TPI commissions disclosures to all non-domestic customers? How long would it take suppliers to implement this policy?

A19. We are working with the assumption that if TPI commission disclosure is made part of the SLCs, this will only apply to contracts signed after the date of implementation of the SLC and will not apply to contracts that have already been signed. On this basis we can implement this policy if we are given 4 weeks' notice of the SLC effective date.

Q20. Are there views on how commissions disclosure is best presented to be understood by consumers?

A20. The commissions should be disclosed by the supplier in one of two formats at the customer's request

- Total amount of commission included in a contract and the amount paid at a particular date in the contract
- Cost per kilowatt-hour (p/kWh) of energy used.

Q21. Should we expand commissions disclosure to all non-domestic customers or a sub- set of customers, and if a sub-set do you have views on how to define this?

A21. We agree with the expansion of commissions disclosure to all non-domestic customers

Q22. Do you have any further comments on the proposals in this section on focused consumer support?

A22. We have no further comments.