

Louise van Rensburg
OFGEM
Non-Domestic Retail Policy
10 South Colonnade
Canary Wharf
London
E14 4PU

23 August 2023

Dear Ms van Rensburg

Ref: Nondomestic market review: Findings and policy consultation

I am writing to you about the above matter on behalf of Warfield Park Homes Ltd. We are long-term members of the British Holiday & Home Parks Association (BH&HPA) who are providing their own detailed submission.

Warfield Park Homes Ltd operates Warfield Park, one of the largest park home locations in the country with some 497 park homes. The park homes at Warfield Park are individually sub-metered, and the electricity is charged based on individual usage and sold in accordance with the Maximum Resale Price.

The homes on the park are the permanent residential addresses for the occupier, the terms of occupation being governed by an agreement under the Mobile Homes Act 1983, as amended, known as a Written Statement. Those homes not under the Mobile Homes act are rented out under 6 month Assured Shorthold Tenancies.

Pricing and contract behaviour

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?

We would agree that voluntary improving pricing transparency would be helpful, rather than taking the legislative route although that should remain open.

We would like some greater clarity on invoices specifically where we are charged for network power loss, and we think it would be beneficial to understand the basis of the calculations which are used to assess power loss across the wider electricity network. As there is a natural disconnect between actual use at the meter and power loss across the transmission network the latter of which, as a business, we are charged for.

When we have done our own research on the matter of power loss, those sources we have been able to find (mainly from the United States) have indicated a transmission loss of circa 4% on electrical networks. Which broadly accords with our experience of running our own electrical network where we see a similar percentage difference between the actual readings on our main meter and the readings on the submeters.

We are therefore a little surprised that based on our invoices that power loss across the transmission network from our energy supplier is circa 10%.

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

The definition of “significantly exceeds” in relation to deemed rate is helpful in so much as it is using a broadly equivalent period by which to judge. It may however be helpful to use a secondary metric such as a percentage change since the last period alongside this. This will need to consider changes such as climate change levy or similar which could be introduced through Government action etc. which in all fairness energy companies would effectively be passing through. If a percentage was used as a secondary metric, items included by Government would need to be excluded from the percentage calculation.

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

This seems to be a reasonable sensible proposal, however if deemed contract rates are reviewed on a quarterly basis that does of course raise the prospect of the rates increasing as well as decreasing. On that basis reviewing on a 6 monthly or annual basis may be more appropriate. As that would give a greater level of stability. This would need to include a sensible notice period of any change whichever integer of review is chosen. We would suggest not less than 28 days.

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

We are a large park home location with circa 497 park homes, with an approximate total annual usage of between circa 700,000kwh to 1,000,000kwh per annum. Those park homes are individually sub-metered, and the electricity is charged based on individual usage and sold in accordance with the Maximum Resale Price. Given the apportionment of deemed contract rates across that number of homes any minor fluctuation is measured as a matter of pence individually. That however is at a scale that many park home sites do not operate at and so this would have a much greater relative impact on smaller operators¹.

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

No

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

No

Competition in the market and customer service

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

A reasonable suggestion would be either sight of the tenancy document, which of course would set out when the tenancy started, alternatively an invoice from the landlord which, if billed on a monthly basis, would highlight the period of occupation. This of course would be after a month or more unless billed in advance.

¹ See *The impact of a change in the maximum park home sale commission*

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083506/Park_Homes_Research_Report.pdf

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?

We are not a micro business and so do not think we can comment in detail. We note that this information is included on our bills however this is intermixed with other information such as explanations of the abbreviations used on the invoice and so may not be read as it could become lost in amongst all the other information which is provided.

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

An obligation requiring a timely response would be helpful and an ideal scenario would be to follow the SLA's that the utility providers themselves have. One would hope those SLAs are not dissimilar amongst the various providers. If that is the case, it would seem reasonable to presume that implementing the necessary changes would be relatively straightforward.

We have had an instance where we had the remote metering failing to send meter readings at 15-minute intervals. This issue was outstanding for nearly 2 years before it was corrected. We were paying for the remote monitoring as a separate service for the entire period despite the fact it wasn't operating. Indeed, our energy consultants were becoming more than frustrated about this, as the complaint did not seem to be addressed with any level of concern or urgency. This may be because the request once lodged with our electricity supplier was then passed to the DNO to action as they were the ones providing the monitoring kit. It should therefore be born in mind that some actions may be outside of the supplier's direct control.

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?

We believe that would be beneficial to all if an agreed set of parameters for recording, handling and processing of complaints is in place. As that allows everyone to compare on a like for like basis.

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?

On balance larger organisations are normally able to look after themselves when it comes to handling complaints, against other organisations, especially if they are similarly sized or smaller organisations. On the basis that most of the concern is held by SME's it would seem logical that the threshold should focus and reflect the number of staff considered to be employed by SMEs as that may more naturally reflect the relative ability to argue a complaint against a larger organisation and have access to the necessary expertise.

Size of Business	Staff Headcount	Annual Turnover	Balance Sheet Total
Medium	Under 250	Under € 50m	Under € 43m
Small	Under 50	Under € 10m	Under € 10m
Micro	Under 10	Under € 2m	Under € 2m

<https://www.gov.uk/government/publications/beis-small-and-medium-enterprises-sme-action-plan-2022-to-2025/beis-small-and-medium-enterprises-smes-action-plan-2022-to-2025-accessible-webpage>

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?

See our answer to Q11. Based on the proposals, to our mind proposal 2 seems more appropriate as extending to all businesses seems disproportionate, and as is rightly said larger organisations will have access to greater resources and other avenues such as the Courts. Given that the example has been made with the Financial Ombudsman allowing small businesses to access their services in the proposal, reflecting that as an approach to energy seems logical and would give a level of clarity and consistency on what small business can access in general terms.

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?

We do not have sufficient knowledge of this to comment in the necessary detail, however we would welcome reasonably proactive engagement.

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?

We do not have sufficient knowledge of this to comment in the necessary detail.

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.

The expansion of SLC would seem to be a logical direction given the issues that have been raised, please see our answer to Q11 and Q12 regarding which consumers this should apply to.

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

No

Some customer groups need focused support

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?

N/A

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

As it stands from our perspective as the intent of the MRP is to supply electricity at a cost neutral basis, although in reality we have found since the MRP came into effect this is run a financial loss. This is once time for reading meter and administration have been taken into account.

We would refer to Q1. Where we highlighted that we are charged for electricity loss across the energy networks rather than just consumption at the meter.

There is perhaps a natural inclination of, if you are not allowed to make even a modest profit there is less of an incentive to invest in a proactive manner and only to address issues once they cannot be ignored. That ultimately, does work against customers.

This can be inferred from Governments research into the Parks sector² which indicated that the majority of park home locations are very small in size and may by extension have some of the most vulnerable in society

² The impact of a change in the maximum park home sale commission

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083506/Park_Homes_Research_Report.pdf

as residents. That is also reflected in the fact that many of those parks are micro business and are themselves loss making and so are neither in a financial position to invest at the necessary scale or just as likely able to meet new regulatory requirements with changes to the MRP.

If there is a desire to improve the position of consumers, the most natural and logical position would be for utility companies to either adopt existing electrical networks or be required by legislation to provide a direct connection. That does however come at an obvious cost to the DNO's to extend their networks and make the necessary domestic connections. That however can be focused and planned over a number of years and as a single direct connection will likely already be available extending that main connection would be relatively straightforward albeit time intensive and costly process.

It would however;

1. Alleviate the burden from those least capable of maintaining a private electrical network.
2. Adoption removes the possibility of areas of noncompliance with aspects of the MRP.
3. Adoption would allow for more immediate and timely access to Government support such as the EBSS itself rather than addressing it via the EBSS-AF. The latter of which has come in for some criticism as it does not appear to have reached everyone it should have.³
4. Give the end user a greater freedom of choice to choose their supplier.
5. Allows for the roll out of smart meters to the end user who otherwise would not get the benefits of having a smart meter installed.

It is worth bearing in mind that when most what are now park home locations were being developed in the 1950's through to the 1980's the then Electricity Boards would almost universally, not provide direct individual connections due to the structures being considered "temporary". As were and still are in law caravans rather than dwelling houses. It is worth bearing in mind that the majority of park home locations as they are now, are laid out in a structured manner not dissimilar to every housing estate in the country the only key difference being that the home itself can be removed, but then this is little different to a dwelling house being demolished.

It would seem natural that this option should only be considered at park home (residential caravans) locations where the park home is the occupiers only or main residence as set out under the Mobile Homes Act 1983. It would seem inappropriate to provide a domestic connection to holiday caravan and touring caravan parks, as both are designed for holiday use where an occupier has a separate permanent residential address.

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?

We cannot comment on the cost as we do not have the necessary visibility on that aspect.

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

It would seem most natural that if this is to be disclosure it needs to be shown in a reasonably clear and unambiguous manner. It would seem logical to include this as a line on the invoice, we would presume that the commission is based on an addition to the unit rate which can be set out as a descriptor along the lines of "TPI commission @ x.xx pence per kwh is included within the unit rate stated above." or similar.

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?

It would seem sensible to disclose on all non-domestic customer bills where a TPI is involved, as we would suspect it might be relatively easier for suppliers to update their systems to reflect TPI involvement, a record of which they may already have. Indeed during the first days of the EBRS our supplier did in fact include the information on the commission payment to our broker in error. We would therefore presume that the information is already recorded and available.

³ <https://www.bbc.co.uk/news/uk-politics-65926917>

It may be the case therefore that dependant on the suppliers systems being set up in a suitable manner this could be implemented relatively easily.

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

No

Yours sincerely

James Sumner FdA

Executive Director