

Paul Beard
Head of Compliance
Ofgem,
9 Millbank,
London,
SW1P 3GE

12th March 2002

Dear Paul,

Re: Marketing Gas and Electricity Extension Proposals

Following on from our telephone conversation today, I am writing to you to confirm our views on Ofgem's consultation on the marketing of gas and electricity to domestic customers.

British Gas are supportive of the two year extension to the Marketing Licence Conditions and the continuing protection that it offers to domestic customers against inappropriate sales activity. However, it is important to reinforce that the vast majority of customers have a positive experience when switching suppliers (as demonstrated by the MORI research commissioned by Ofgem).

Ofgem have stated they are considering whether the conditions should be amended to protect the public more appropriately from unhelpful direct marketing activity and from fraudulent sales agents. We believe that the current conditions and other consumer legislation, already in place, are sufficient to protect customers if properly applied by all suppliers. However, it is our view that stronger enforcement of the current conditions are required to incentivise suppliers to comply with their licence obligations in this regard.

We believe that the areas of concern highlighted by Ofgem and recommended solutions in section 4 of the document should already be adopted under suppliers' current compliance programmes such as clearer contracts to enhance customer understanding and having named officers within companies responsible for compliance. Accordingly, while the suggested enhancements are helpful, we do not believe they would significantly result in higher quality sales. Compliance with existing requirements would have a much greater impact.

As discussed, British Gas is exploring a number of initiatives to resolve the issue of inappropriate sales activity, such as developing a Code of Practice with energywatch and the continuing support to the Best Practice Industry Working Group. We hope to be in a position to share progress on these initiatives shortly.

If you have any questions or would like to discuss any matters in the meantime please do not hesitate to contact me on 01784 645202.

Yours sincerely,

Tony Morrison
Regulatory Affairs
British Gas