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

13 March 2002

Dear Mr Beard

**TXU RESPONSE TO THE OFGEM CONSULTATION ON  
MARKETING GAS AND ELECTRICITY**

Thank you for the opportunity to comment on Ofgem's consultation paper 'Marketing gas and electricity'. I have attached a short paper in which we agree to the licence condition continuing for another two years and:

- mention our concerns over the Commercial Agents (Council Directive) Regulations 1993;
- describe some measures we have taken to combat misselling; and
- suggest some ways in which the effectiveness of energy sales management and regulation could be improved.

We share the concerns of both Ofgem and energywatch about continuing miscreant sales activity and the detrimental effect that it has on customers and suppliers alike. We are keen to see overall improvements and look forward to contributing to further work in this area.

Yours sincerely



Rodney Brook  
Competition & Regulation Manager

Att



## **TXU RESPONSE TO THE OFGEM CONSULTATION ON MARKETING GAS AND ELECTRICITY**

TXU welcomes the opportunity to comment on the future of the Standard Licence Conditions on Marketing Gas/Electricity to Domestic Customers contained within supply licences. TXU is committed to competing in this market and agrees with Ofgem that field marketing is an effective method of communicating with customers. The nature of this marketing activity is such that it requires a large body of agents, employed either directly or through an external agency, if it is to be worthwhile. Whatever the method by which agents are engaged, it is important that they are trained to act responsibly and honestly when dealing with the public and that they are managed effectively by suppliers so that miscreant activity is quickly detected and dealt with. Failure to do so discredits both the individual supplier and the energy supply industry as a whole. Moreover, it does little to maintain or improve the confidence of the general public in the energy supply market and will reduce their willingness to change supplier. For these reasons TXU supports the continuation of the marketing licence conditions for at least another two year period until the end of March 2004.

### **The Commercial Agents (Council Directive) Regulations 1993**

In common with other suppliers TXU employs sales agencies to act on its behalf. We believe that the Regulations are, in certain ways, over-protective of the rights of agencies. Our experience is that they can be used by agencies as a means of resisting the enforcement of good practice. A change to the Regulations by Government would be a valuable contribution towards tackling inappropriate sales activities and TXU would welcome Ofgem's support on this issue.

### **TXU measures to combat misselling**

TXU has worked hard to improve the management of its sales agents and agencies. Actions taken include:

- training of both in-house and external sales agents being carried out by an in-house sales training team to ensure consistency;
- requiring each agent to complete a training course successfully including passing an examination at the end of it, and to sign a copy of the company's Code of Conduct for sales agents before being issued with an identity badge. Badges are either TXU badges for in-house staff or TXU-branded badges for external staff;
- a vigorous auditing policy including a stated policy to support prosecutions where possible of which all agents are aware;
- frequent and regular contact by our Regional Sales Managers with the external agencies under their control including spot audits. Where these audits or any other factor gives rise to concern we have an in-house audit team ready to carry out a full audit at any time in addition to regular audits;



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**Read-across to other utilities and services:** As noted in the consultation, energy suppliers are beginning to offer telecommunications and other services alongside their energy products. TXU agrees with Ofgem that it will be important for it to work with other utility regulators and the OFT to ensure that a commonly accepted set of rules and practices apply so as to avoid confusion for both suppliers and, moreover, consumers. Again TXU would be pleased to contribute to work on this issue.