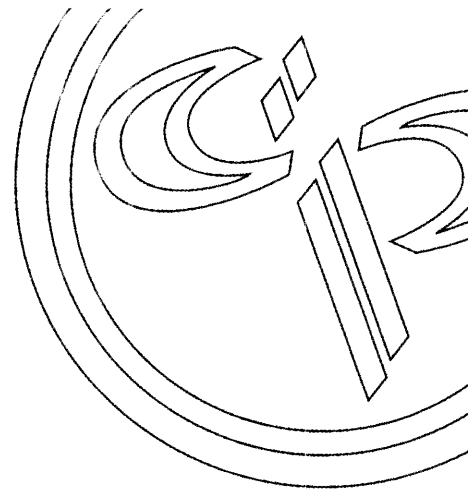


THE
CHARTERED INSTITUTE OF
PURCHASING & SUPPLY



29 January 2003

Ian Anthony
Electricity Infrastructure Manager
Ofgem
9 Millbank
London
SW1P 3GE

Dear Mr Anthony

Response to OFGEM's Consultation on "The Right to Object" from C.I.P.S.

The Chartered Institute of Purchasing and Supply are pleased to see the proposal made by OFGEM in response to our requests that the Suppliers in the Gas Market had an unfair advantage due to their ability to "retain" Customers on the basis that they could object to the request to change Supplier.

Our membership is indeed split as to whether objections are a good or bad commercial device.

Some customers – notably Local Authorities and multi-site customers, are basically happy that the option to object is still available since many buyers spend time and effort in tendering to get the best deal for all their sites and this can be undone by individual sites contracting with a 'doorstep' salesman who promises a better deal but is unaware of the overall picture. In these instances, we would expect the buyers from Local Authorities to continue to request that they are notified if any site is approached to change from the incumbent supplier.

However, many other buyers will welcome this move as it will make both the Electricity and Gas markets the same – the option to move from a "poor supplier" will not now be "stopped" by that Supplier having the right to object. We realise that this option is in the buyers' hands and it is up to him/her to ensure that the correct clause is inserted in the contract at the time of negotiating the terms. We do see, however, a slight problem here in terms of making all buyers aware of this situation/option, and whilst we will contact our in-house magazine, Supply Management, and ask them to run an article about it, there may still be a number of buyers who will not be fully aware of this.

There may also be a slight problem with the Suppliers who normally treat all customers as having the same terms and conditions.



Taking all into consideration, we believe that this proposal is very good and the way that OFGEM have provided the option to Buyers either to include or exclude the 'Right to Object' surely meets the needs of all.

A handwritten signature in black ink that reads "Ian Dobson". The signature is written in a cursive style with a large initial 'I'.

Ian Dobson
Chairman - CIPS Energy Committee