



**British Gas**

**Regulatory Affairs  
British Gas**

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Iain Osborne (*by email*)  
Director of Consumer Markets  
Ofgem  
9 Millbank  
London  
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Dear Iain

**Testing domestic consumer take-up of energy services: trial suspension of 28 day rule**

British Gas welcomes the opportunity to respond to Ofgem's decision document on 'Testing Consumer Take-Up of Energy Services: Trial Suspension of 28 Day Rule'.

We support Ofgem in testing the hypothesis that suspending the 28 day termination rights will allow for an assessment of the increase in the take-up of energy services packages. Furthermore we agree with the majority of Ofgem's decisions and confirmations on how this trial should be structured.

Regarding the licence modification notices, we have no objections or representations; we agree with their appropriateness for the purposes of this two year energy services trial.

As consumers participating in the energy services trial would be giving up the protection afforded to them under the 28 day rule, we believe that it is essential that long term contracts are only delivered with significant energy savings. In this, we support the general principles of the Direction which will govern the trial, with the exception of a few points highlighted within this letter.

A small number of concerns and clarifications remain following the publication of the Draft Direction; these are outlined below:

- 1 (b) – We request clarification on the requirement to assess the performance of all major gas and electrical appliances.

- 2 v. – We question the relevance to or understanding of the customer of providing a notional carbon saving as part of the written quote, and suggest that this should be an optional feature.
- 2 ix. – We believe that providing details of the expected or theoretical payback period in the written quote could prove confusing to customers. There is a risk that customers may expect to achieve the quoted level of savings without understanding the effects of weather, occupancy or usage.
- 4 – We believe that the requirement to provide consumers with details of the independent person or agency who can provide a second opinion may prove confusing to a consumer and lead to doubts about the ability and credibility of the supplier with whom they are considering entering into a contract.
- 5 – It would be beneficial if Ofgem were to clarify what is meant by consumers who are otherwise eligible to receive substantial financial support for the energy efficiency measures to be provided and installed under the contract. Under 4.11 it is stated that this would include Government energy efficiency programmes targeted at fuel poor customers, such as Warm Front. Reference is also made under 4.11 to supplier initiatives that provide substantial financial support for energy efficiency investments to members of the priority group under EEC. Does this refer to EEC schemes offered by competitors to the supplier, or only to the schemes on offer by the supplier itself? Thus should suppliers not enter into an energy services contract with those consumers who are ineligible for support under a Government grant, but who may be categorised as priority under EEC and thus could benefit from a priority focused EEC scheme by a competitor supplier?
- 9 & 10 (a) – (c) – We are unconvinced as to the necessity to restrict the length of the energy services contract according to the expected savings delivered by the measure installed. By setting such bands, Ofgem is in fact limiting the types of measures that may be installed according to the property type. This will make the task to developing propositions, targeting the marketing activity and selling energy services contracts very difficult, with the potential of creating a poor customer experience of energy efficiency and energy services. The establishments of these bands makes the promotion of energy services by suppliers over complicated. We would repeat our previous suggestion that the proposal be simplified so that the installation of any major (together with a minor) measure should be sufficient to qualify for an energy services package. These major measures should include full insulation, condensing boiler (at least under EEC1), and CHP installation. This would build on the arrangements currently in place for uplift of ESCO type schemes under EEC.
- 11 – We support the principle that the customer should receive some assurances regarding price certainty, including through fixed or capped rates. However we believe that 11(c) is too restrictive in that it limits suppliers to offering a tariff that is linked to their direct debit tariff, even if the customer is not currently a direct debit tariff customer. Would it not be better to allow suppliers to offer a tariff that is indexed to the customer’s current tariff option, whether it be direct debit or another payment option? We continue to believe that the promotion of a tariff that is linked to a DTI published indexed would be too volatile an option to attract many customers, and would be a costly to administer.

- 17 – Whilst we recognise Ofgem’s desire to include micro generation within the trial, we would question the burden of proof that is placed on suppliers who wish to offer measures outside the scope of those measures outlined in the document. We would reinforce that the measures that may be offered as part of the trial should be major measures recognised under EEC, thus including CHP.

We look forward to the final wording of the Direction including these clarifications on the energy services trial by Ofgem.

Yours Sincerely

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