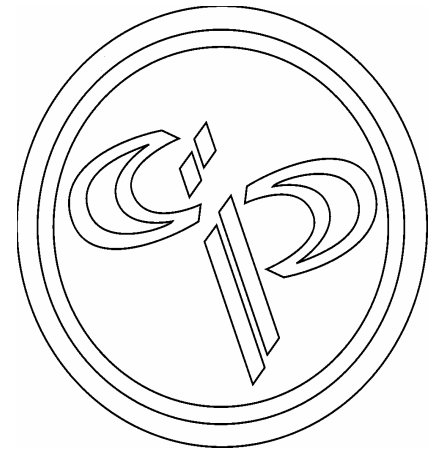


THE  
CHARTERED INSTITUTE OF  
PURCHASING & SUPPLY



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Dear Mr Chapman

### **Response by CIPS Energy Committee to OFGEM Corporate Strategy**

In general we feel that the proposals will cover most of the areas in the energy industry. However there are a couple of issues that we would like to make at this point.

#### **Competition in the Gas Market**

Whilst OFGEM are committed to create and sustain competition in the gas market, we feel that as the number of players reduces and the UK tends to depend less upon North Sea Gas, that there appears to be an increasing trend of apparent manipulation of the gas price. The market price still fluctuates at times by significant amounts for no apparent reason. OFGEM have carried out an investigation into the largest of those price hikes which occurred last October, but as yet have not published their findings. It is imperative for a market to remain properly competitive, and indeed credible, that any doubts are eliminated as soon as possible.

The outcome of OFGEM investigations may have a significant impact on the market and should be made public quickly so that confidence is maintained, both in the market, and more importantly, by the consumer understanding that Regulation does work – especially if players try to bend the rules.

#### **NGT selling LDZ's**

We understand the principle that comparison of different LDZ charging structures may provide an element of competition to this aspect of the distribution network. However, we feel that any benefits that may accrue from this are unlikely to be significant and almost certainly will not be seen by the consumer. We believe that this may also complicate the charging structure by introducing another link in the chain.

The CIPS Energy Committee thanks OFGEM for the opportunity to respond to their Corporate Strategy and hope that our comments will be taken into account.

Yours sincerely

Ian Dobson  
Chairman - CIPS Energy Committee