



by e-mail
Chris Bowley
Retail Competition
OFGEM
9 Millbank
London
SW1P 3GE

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Dear Chris,

British Gas welcome the opportunity to comment on Ofgem's recent occasional paper: Improving Information for Customers. Whilst Ofgem's document considers information given to customers in many forms, not just on bills, it concludes that the industry should develop a billing standard to address their concerns. British Gas support any improvements to billing practices but it is paramount that any such change does not impact on the operation of the competitive market, potentially inhibiting innovation and thereby restricting competition.

Billing Information

As mentioned above, British Gas is very supportive of all industry initiatives that seek to define better billing practices. However, to impose a standard bill format would not be consistent within a competitive energy supply market. The aim of the BSI approach, it is suggested, should not be to introduce a standard bill, but outline best practice. In this regard, any contribution towards understanding better billing practices is welcomed by British Gas.

Ofgem highlights energywatch complaints for billing and accounts making up 56% of all complaints received by energywatch. The complaint category 'billing and accounts' covers a very wide range of factors, many of which are not related to a customer's confusion regarding the bill layout. Categories currently used by energywatch under the heading 'billing issues' include 'misdirected payments', 'security deposit issues' and 'refunds'; it is therefore inappropriate to imply that poor billing format and lack of information are the key drivers to customer complaints based on this evidence. Furthermore, British Gas consider it is

important to make a clear distinction between those practices that confuse customers, versus those that contribute towards inaccurate bills or other bad accounting practices., In this regard Ofgem's paper does not go to the heart of the matter i.e. the underlying root causes.

British Gas is concerned that Ofgem seems to be suggesting it will use enforcement powers if suppliers do not accede to a BSI approach, particularly since much of the analysis presented within the paper focuses on other aspects not related to understanding bills, such as meter reading performance. Clarification on this point would be appreciated.

British Gas maintains it is better to promote better billing practices as an important market differentiator, and therefore suppliers must be given sufficient flexibility to enable suppliers to differentiate themselves and their service offering from those of their competitors. Indeed, if the approach is prescriptive it will inhibit innovation and would reduce ongoing market research carried out by suppliers. For example, British Gas has undertaken significant research over the years to constantly improve its billing design, and has recently concluded further research with MENCAP.

Suppliers therefore have clear market incentives to constantly seek ways of improving bill design and to improve billing efficiencies. Indeed, going forward, bill design will need to accommodate ever increasing customer expectations, to meet differing customer needs and utilising improvements in technology - this is a continual journey .

Other customer information: Informed Choices about Gas and Electricity Suppliers

Ofgem mention in section 2.3 of their paper that the DCMR showed that around 30% of customers found it 'not very easy' or 'not at all easy' to compare different suppliers prices and go on to suggest in section 2.8 that this means they may not be shopping around to maximise their savings. British Gas consider that in a competitive market different companies have different offerings for the customer and the customer is seeking what they consider 'value for money', not necessarily the cheapest price.

Using Energy More Efficiently

British Gas is already involved in the workshops and discussions Ofgem are holding with regard to providing customers with more information about their energy usage and energy efficiency advice.

Summary

In conclusion, British Gas welcomes any industry reviews that help to inform the debate on better billing practices. The industry must be allowed the flexibility to innovate, whilst accepting that any analysis that helps to inform a better understanding of 'Better Billing' practices should always be welcomed.

In this regard, British Gas notes that the Electricity Retail Association (ERA) is also developing proposals for a voluntary Code of Practice for suppliers in the area of billing and information provided to customers. We are happy to work with the ERA, Ofgem and energywatch in developing better and clearer bills for customers.

We are happy for this response to be placed on the Ofgem website, but would ask Ofgem not to publish the MENCAP research we have included as an attachment.

If there are any questions on any of the points raised in this response, please do not hesitate to contact me on my direct line 0208 734 9351 or my mobile 07979 567717.

Yours sincerely,
Alison Beard
Regulatory Issues Manager