

Nigel Nash  
Retail Markets  
OFGEM  
9 Millbank  
London  
SW1P 3GE

Monkton Reach  
Monkton Hill  
Chippenham  
Wiltshire SN15 1EE

T. 01249 766 090  
F. 01249 766 091  
E. [will.vooght@good-energy.co.uk](mailto:will.vooght@good-energy.co.uk)  
W. [www.good-energy.co.uk](http://www.good-energy.co.uk)

7th September 2007

Dear Nigel,

**Subject: Modifying the arrangements for the use of objections in the non-domestic market for gas and electricity supply.**

Good Energy welcomes the opportunity to comment on the above open letter. Good Energy is a licensed supplier in the electricity market supplying over 23,000 customers with 100% renewable electricity. We have commented on the proposals on-whole in the first part of this response, addressed individual points of discussion in the appendices and at the end, questions OFGEM has provided in the open letter under 'Next Steps' have been addressed. I hope that you will find our views useful.

Please note that in this response, where the term 'supply' or 'customer' is used, as an electricity specific supplier, we have commented in sole relation to electricity.

### **General**

It is Good Energy's view that suppliers should not misuse the objection process; as is the reason for initiating this discussion. Objecting to the loss on Day 'X' should not be allowed; in your open letter, British Gas is using provisions in a contract that do not commence until day 'Y' (or Day X +1) to raise the objection. 'New' commercial offerings by suppliers should not be operational until the end of the objection 'window', regardless of when an objection is to be raised.

It is important for the rules to objections to be clearly defined in the supply license – this will avoid malpractice and misinterpretation of the conditions. As highlighted in Appendix 4 (7), we feel that it is important that there is not an 'exhaustive' list of the grounds for objections by suppliers as this will be too prescriptive, although there should be overarching guidelines

for circumstances where objections are permitted. This will encourage uniformity in objection rights, increase competition (outside of the objection window), promote best practice between suppliers and will undoubtedly increase supplier-customer relationships.

While we agree that suppliers should not be allowed to contact the customer during the objection window, we feel that there should be no restriction to contact the customer on receipt of the customer giving notice (which will generally be stated as a requirement of contract termination in individual suppliers' contract conditions) of their wish to change supplier. This will not interfere with the transfer process itself and will most likely present the customer with a better commercial position.

We do not agree, however, with the use of the objection window to make a new commercial offering to the customer. If better options exist, we feel that these should be presented during the period of supply where there is unlimited time to market new offerings or products to the customer.

When a customer requests for a transfer to be stopped during the objection window, this should be put into practice. The license should not be used to create conditions to further prevent this – these guidelines are designed for customer protection – therefore this is best practice. Consumers often find the switching process onerous, and the removal of objection rights to 'incorrect' or improper change of supplier requests is not acting in the customers' best interest. We realise that this is hard to police – therefore written customer notice should be sent to both suppliers by the customer and used as consent to object in these circumstances.

#### **Appendix 4.**

Agreed. Re-marketing to a customer once the 'switch' process has been initiated by the new supplier should not be allowed. Contract provisions of a non-domestic supply, generally allocate a supply-period (1 year, 2 years – fixed price etc); therefore, this allows the existing/old supplier unlimited opportunity to contact the customer to present new marketing material or new commercial offerings. The customer should not be penalised in these circumstances as the onus should be on the supplier to present new offerings during the time of supply – and not as a result of notification of a transfer request.

## **Appendix 5.**

States that if a customer has provided sufficient notice of contract termination, then there would be no rights to object during the objection window. We feel that there must be allowances made (in-line with the license and individual contract provisions) to object under the grounds of debt, and that the guidelines to not entirely expel objection rights in these circumstances.

## **Next Steps**

- (a) *our current view that suppliers should not use the objection window to obtain and then rely on new rights to object. An objection may only be raised where the contract in place at the time the loss notification is received allows the supplier to so object;*

Agreed, it is important that there is uniform method to applying objections in-line with Contractual requirements, licence conditions and the MRA. Objections, in the said window, should only be applied where there is adequate reason to do so – objections outside the provisions of the contract are in breach of supply conditions and will obviously not comply with the MRA. Contract conditions in-place at the time of the notification of a transfer request (notification of 'loss) should apply.

- (b) *our proposed license drafting*

The license drafting is appropriate for the use of the guidelines provided – any specific points of discussion have been highlighted throughout this response.

- (c) *whether or not the new licence conditions should apply to Deemed Contracts as well as other Contracts.*

In our experience, it can be difficult to obtain initial details from many customers on a deemed contract. Removal of objection rights where a debt exists on an account may leave suppliers significantly unprotected to customers that have 'inherited' a supply – it is the best method to ensure that all electricity consumption can be fully allocated to individual users (this will encourage a customer to contact where the supplier has been unable to do so).

As OFGEM are aware – the loss of customers though a deemed contract where insufficient information has been provided (specifically meter readings) will result in greater use of

estimation for the purpose of billing. Not only will this affect the accuracy of customer bills (which is counter intuitive as these conditions are designed for consumer protection), but this will have commercial and industry-scale detriments for balancing & settlement, EAC and AA analysis.

As a small supplier, non-payments will result in a re-distribution of the costs to all customers (domestic and non-domestic). Good Energy is a 100% renewable electricity supplier; our product is premium – we aim to offer a solution to carbon emissions associated with electricity consumption. Practices such as these would therefore act counter-intuitively to the purpose of these guidelines, customer protection, and would act as a preventative in our aim to offering a zero-carbon supply. Debt should be the only circumstance where objections under deemed contracts should apply.

I hope that you find these comments useful. If you require any further information or clarification of any of the points discussed, please feel free to contact me.

Yours sincerely,

Will Vooght  
Regulatory Affairs Officer