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Dear Nigel

Regulation of marketing to domestic customers

We welcome the opportunity to provide our views on whether the marketing licence condition should be retained for a further period of time.

We broadly agree with Ofgem's proposal to extend the licence condition for a further year and to consult again on the future of the licence condition early in 2009. We have set out below our reasons for agreeing with Ofgem's proposed approach.

Direct selling complaints to energywatch have significantly decreased year on year since 2003 and remain low showing that suppliers are dedicated to reducing the number of complaints in this area.

The extension of the Energy Supply Ombudsman to cover direct sales complaints from 1 September 2007 also provides customers with an additional means of redress and is a further example that the industry is committed to further reduce direct sales complaints. In addition, the energysure Code which was launched in May 2003 is an example of the industry working together to introduce a means of self-regulation over and above licence conditions in order to improve performance in the area of direct sales.

All of the above point to the early removal of the marketing licence condition which must remain an objective over the medium term. However, as noted in the letter, the introduction of the Consumers, Estate Agents and Redress Act will result in the removal of energywatch in October 2008 and will see the introduction of Consumer Direct and the National Consumer Council as points of contact for all customers of all sectors. The new arrangements that will be put in place as a result of the removal of energywatch (e.g. new redress scheme for all energy providers, complaints handling standards) will also provide customers with additional protection in relation to complaints and the redress that they can receive where they are not satisfied with their supplier's resolution of the complaint. We would nonetheless understand why Ofgem would want to ensure that these arrangements had been implemented before removing the marketing licence condition.

Taking all of the above into consideration, we support Ofgem's proposal and believe that it would be prudent to retain the licence condition for a further year in order to allow the arrangements that will be put in place under the new statutory framework (Consumer Protection from Unfair Trading Regulations and the Consumers, Estate Agents and Redress Act) to become embedded before the condition is removed. However, we also believe that it is imperative that Ofgem consult on the licence condition early in 2009 as stated in the letter, with a view to removing it from 1st April.

Similarly, the introduction of the Consumer Protection from Unfair Trading Regulations (which are to be introduced in April 2008) will provide a more extensive level of protection for customers. The Regulations will be additional to all other legislation and will prohibit unfair commercial practices; prohibit misleading and aggressive practices and set out a list of 31 practices that are forbidden in all

circumstances. We understand why Ofgem would want to wait until these Regulations have been introduced and established before the marketing licence condition is removed.

If you would like to discuss any of the above further, please get in touch.

Yours sincerely

Katherine Marshall
Regulation Manager