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June 19 2008

NEW ENERGY OMBUDSMAN APPOINTED

Ofgem has today (Thursday) appointed the Ombudsman Service Limited (tOSL) to become the new independent ombudsman for gas and electricity customers. The new ombudsman service will replace the voluntary scheme that Ofgem ordered the industry to put in place in 2006 with a statutory scheme that all energy companies, including network companies, must join.

The new statutory ombudsman will still settle disputes between energy companies and customers and retain the powers to award customers up to £5,000 in compensation. The coverage of the scheme will now be extended to small businesses as well as domestic customers.

Notes to editors

- 1) As part of the Government's Consumer Estate Agents and Redress Act, consumer representation will change in the energy industry. The new arrangements will replace energywatch. From 1 October Consumer Direct will take on responsibility for providing initial advice to energy consumers, as they do already in other sectors. The new National Consumer Council will bring together the current NCC with some of the functions of Energywatch and Postwatch to create a more powerful and streamlined consumer body.

As part of the new arrangements a new statutory redress scheme was to be set up to formalise the industry-led arrangements which Ofgem required to be put in place in 2006 to provide redress to energy customers who could not resolve their disputes with suppliers. All companies will now, on a date set by the Department for Business, Enterprise and Regulatory Reform, be required to join the scheme run by tOSL. It is expected that this date will be 1 October to align with the rest of the new arrangements.

- 2) Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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