

Secretary of State, Consumers
and their representatives, gas
suppliers, electricity suppliers,
and other interested parties

*Promoting choice and
value for all customers*

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Dear Colleague

**Decision letter - Modification to Standard Licence Conditions:
replacement of the Gas and Electricity Consumer Council's (energywatch) details
on domestic customer bills**

On 25 February 2008 Ofgem published an open letter¹ which, amongst other matters relating to the abolition of the Gas and Electricity Consumer Council (energywatch), sought comments as to which organisation's details should replace energywatch's on domestic customers' bills. On 30 May 2008 Ofgem published a consultation² setting out the proposed licence changes which would replace current references to energywatch on domestic customers' bills.

Background

Standard Licence Condition ("SLC") 31.1(a) and (b) of the gas and electricity supply licences, require suppliers to inform domestic customers on or with each bill or statement of account that energywatch can assist in resolving complaints that the licensee has not resolved to the customer's satisfaction, and how to contact energywatch.

In our letter of 30 May we proposed that the references to energywatch in SLC 31.1(a) and (b) of the gas and electricity supply licences be replaced with Consumer Direct. As Consumer Direct's role is to provide information and advice, and is therefore not the same as the role performed by energywatch, we proposed that the wording of the modified licence condition should reflect this.

This letter summarises the responses to our request for comments and sets out our decision on the necessary licence changes.

Summary of responses

Ofgem received 4 responses on this issue. Non-confidential responses have been placed on the Ofgem website.

All respondents agreed with the wording proposed in our letter of 30 May. One respondent suggested that the words 'free and independent' be added to the description of Consumer Direct's role. They also cautioned Ofgem against assuming that the Energy Ombudsman's

¹ Changes in consumer representation – licence conditions and industry codes. Ref 16/08

² Consultation on modification to standard licence conditions. Ref 71/08

(EO) details would continue to be included on bills voluntarily by suppliers, and suggested that both Consumer Direct's and the EO's details be included on non-domestic bills.

Ofgem view

Consumer Direct's role to provide information and advice is not the same as energywatch's complaints function and the wording of the proposed modified licence condition reflects this difference. We note the suggestion that the licence condition be amended to demonstrate that Consumer Direct's service is free and independent of companies. However, in this respect the role of Consumer Direct is the same as that currently performed by energywatch and we do not therefore consider there is a need to revise the licence condition in this way.

Since our consultation, the Consumer Complaints Handling Standards Regulations³ have been made and will come into force on 1 October 2008. These strengthen the requirements on signposting the redress scheme (information about redress must be included in the supplier's complaints procedure, and consumers must be signposted to the redress scheme if the regulated provider becomes aware that the complaint cannot be resolved and when the time period for handling the complaint expires). The redress scheme approval criteria also requires that there be appropriate steps to ensure consumer awareness of the scheme. Domestic suppliers currently include the EO's details on the back of domestic customers' bills. Our expectation is that they will continue to do so and we will monitor the situation to make sure this is the case. Therefore, we do not consider it necessary to include a requirement in the licence to provide the EO's details on customers' bills.

We note the suggestion that both Consumer Direct's and the EO's details be included on non-domestic bills. Consumer Direct's role in relation to non-domestic matters is limited and it has made it clear that it does not favour the inclusion of its details on non-domestic bills. Micro business suppliers will be subject to the Consumer Complaints Handling Standards Regulations including the requirements on signposting the redress scheme noted above. We do not consider it necessary to include a requirement in the licence to provide either Consumer Direct's or the EO's details on non-domestic customers' bills.

Our decision is that the references to energywatch in SLC 31.1(a) and (b) of the gas and electricity supply licences be replaced with Consumer Direct using the proposed wording. A decision notice is attached to each modification notice setting out reasons for the decision and the effect.

Next steps

The statutory notices detailing the modifications that Ofgem is making to the electricity supply and gas supply SLCs under section 8(5) of the Utilities Act 2000 (as amended by the CEAR Act) are attached as appendices to this letter⁴.

Yours sincerely,



 **Maxine Frerk**
Director Governance Consumer and Social Affairs

³ The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 – statutory instrument 1898.

⁴ The modifications will take effect on the date that energywatch will be abolished. This is currently anticipated to be 1 October 2008.