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18th March 2009

Dear Neil,

Regulation of marketing to domestic customers

I am writing in response to Andrew Wright's consultation letter of 18th February, seeking views as to whether the Marketing Licence Condition ("the Licence Condition") should be extended within domestic supply licences for a further two years.

As both a domestic energy supplier and a subscriber to the EnergySure Code of Practice ("the EnergySure Code") including the associated accreditation scheme, ScottishPower is pleased to be able to provide its views on the options suggested within the consultation.

The Licence Condition was originally introduced in reaction to significant levels of consumer complaints, indicating poor supplier performance, meaning that some specific consumer protection was required. However, the evolution of the market, competition and the level of consumer protection over time has meant that the requirement for a specific licence condition has significantly diminished.

As a fully engaged member of the EnergySure Code, we are pleased that Ofgem has recognised the fall in the number of complaints relating to doorstep selling over time, which is a display of supplier commitment in this area. We believe that through strictly adhering to the requirements of the code we ensure greater consumer protection than that offered by the Licence Condition. ScottishPower takes its responsibilities around doorstep selling very seriously, and would continue to maintain high standards of protection for customers, should the Licence Condition be removed.

The EnergySure Code, The Consumer Protection from Unfair Trading Regulations 2008 ("CPRs") and the recently introduced Complaints Handling Standards all provide the consumer with a high degree of protection in addition to other legislation. The original aim of the Marketing Licence Condition was to only remain in place until an effective system of self-regulation was sufficient to offer that same level of consumer protection, consistent with the principles of Better Regulation. We believe that this is now the case, and Ofgem should seek to ensure any regulation imposed on suppliers is properly necessary. This is especially important at a time when work is being undertaken on the remedies from the probe which will in turn provide further protection to ensure that energy suppliers' sales and marketing activities are strictly regulated.

We recognise Ofgem's concerns surrounding this area of marketing, particularly in light of the recent well publicised Npower investigation accompanied with the findings of the Probe. ScottishPower ensure that our sales agents are fully equipped with the

tools required to assist customers in making well-informed switching decisions. Additionally, we appreciate that not all customers are motivated by price and highly value other features of our products, therefore if appropriate, our sales agents will seek to explore the customer's interest in all our products in order to aid their decision. In light of this, we believe that further thought is required to address Ofgem's concerns, rather than requiring a specific licence condition.

In view of the above we do not agree that it is necessary to retain the licence condition for a further 2 years in its current format, as consumers are offered strong protection through other general legislation and the EnergySure requirements, meaning that the removal will not result in any detriment to consumers. However, regardless of the decision we will continue to undertake our sales activity to the highest possible standard.

I trust that the information above will prove to be useful, however, if you would like to discuss any points further, please do not hesitate to contact me using the details above.

Yours sincerely

Pamela Busby
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