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Dear Neil

### **Regulation of marketing to domestic customers**

We welcome the opportunity to provide our views on whether the Marketing Licence Condition (MLC) should be retained for a further two years and the proposal to consult on modifying the licence condition during that two year period.

We agree with Ofgem's current view to extend the MLC for a further two years and to reconsider its future early in 2011. However, although we believe that the MLC is currently fit for purpose, we remain of the view that its removal must remain an objective.

We consider that the existing marketing licence condition is effective in ensuring that suppliers adopt a responsible approach to sales and marketing. This is supported by the marked drop in marketing complaints in relation to the scale of sales activity undertaken by suppliers.

Where evidence has been provided of mis-selling or other inappropriate activities, we believe that Ofgem already has the appropriate powers to take action against the company or companies concerned.

We note Ofgem's intention to consult on the licence condition in light of its retail market probe initial findings. We thought that it would be helpful to set out our thoughts on this ahead of the consultation. We continue to believe that the existing regulatory and legislative framework already provides a high degree of protection to customers and as such do not believe that the existing rules need to be strengthened.

We also believe that there is a danger that any future obligations in relation to marketing could, in effect, make direct selling impractical. Indeed, any new obligations in this area could make direct selling effectively impossible or could significantly slow down selling and the rate of switching, to the detriment of customers and competition. Therefore, we would urge Ofgem to ensure that any proposals that are taken forward are practical and proportionate, do not create unnecessary or expensive additional burdens on suppliers and are not detrimental to the efficient operation of the competitive market. It is particularly vital that any proposals in this area are capable of being used on the doorstep.

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

Yours sincerely

Katherine Marshall  
**Regulation Manager**