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11 May 2009

Dear Sean,

Direct Debit Report 2009 Consultation

Thank you for the opportunity to respond to the above consultation. Good Energy is a small licensed electricity and gas supplier, dedicated to fighting climate change by providing customers with the opportunity to support the move to a low carbon energy environment.

For clarity, Good Energy is not represented by the ERA, and references in the document to the ERA representing all suppliers are factually incorrect.

For your ease, we have answered the questions as set out in the above consultation document, although we have expanded our thoughts where appropriate.

Chapter 2

1. Do you agree with our analysis of the issues?

As the analysis is limited to the 'big 6' suppliers we cannot confirm if the analysis is correct. However we do believe that the broad picture of the direct debit arrangements working correctly, with individual errors occurring from time to time is correct.

2. Do you agree with the elements of best practice we have identified (described here and summarised in chapter 3)?

Good Energy already meets all these best practices. To summarise:

- All accounts are reviewed annually or when a significant price change is implemented. Any deficit or credit is rolled into the next 12 month calculation, although customers with large imbalances can opt for credits to be paid back, or pay a one off amount to reduce their monthly charge. Customers in payment difficulty can have any debt factored for a longer period if circumstances allow.
- Good Energy empowers its customer care staff to discuss direct debit amounts with customers and has an escalation process if the customer is dissatisfied with any recalculation. It also encourages customers to provide an up to date reading before any recalculation is performed. Customers citing change in circumstances will have this taken into account, and an amount agreed with an early review date.
- For new customers, we use a default amount (which the customer can provide based on their current payments to their previous supplier), and set the account for review in 4 months i.e. after the 1st quarter, this ensures that Direct debit amounts are based as far as possible on usage.

3. Are there any other elements of best practice you think we should consider?

No.

1. Is a licence condition needed in this area? Please give reasons.

No. Whilst imperfect, we do not believe the problems highlighted justify additional regulation. Suppliers gain and lose customers on the strength of their customer care and we believe this is an element of competition. We also strongly object to further regulation being placed on new suppliers caused by the perceived inefficiencies of the old “host PES” suppliers. As the analysis made no attempt to consider the direct debit practices of new market entrants then they should not suffer any of the remedies proposed.

2. Do you consider that suppliers could deliver the improvements we have identified through self-regulation? Please give reasons.

Yes. As switching is greatest amongst direct debit customers, then it is in the interest of all suppliers to offer good service in this area. Competition, rather than regulation should drive this.

1. Which of the options A, B or C do you consider would be the better approach? Are there any other models we should consider?

We would be opposed to any of the options being imposed on small suppliers based on evidence collated purely from the big 6. We would most strongly oppose option C if the code was negotiated by the ERA on behalf of the big 6 and imposed upon us without any genuine input.

2. Should any obligation apply to small business consumers as well as domestic consumers?

Good Energy treats its small business with the same respect it treats its domestic customers and sees no reason why they should be excluded from any proposal.

3. What would be a realistic timescale for implementation?

Timescales would be dependant on which option is chosen and the precise nature of any obligations. Anything requiring a system change is unlikely to be capable of implementation this calendar year, given other changes already required.

I hope you find these comments useful. Should you require any clarification, please do not hesitate to contact me.

Yours sincerely,



Chris Welby
Commercial Director