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Dear Andy

Ofgem's Five Year Strategy 2010-2015

Thank you for the opportunity to comment on the development of Ofgem's strategy for the next five years. I am responding on behalf of Contract Natural Gas Limited (CNG), who is retaining me to deal with this matter. CNG is a small but growing gas supplier and gas shipper and has been operating in the non-domestic segment of the market for over 14 years. We are happy for this response to be published.

The initial findings from the Energy Supply Probe established five areas for action:

- Promoting more active customer engagement;
- Helping customers make well informed choices;
- Reducing barriers to entry and expansion;
- Helping small business customers; and
- Addressing concerns over unfair price differentials.

The package of proposed remedies has covered four of these areas. However, potentially the most significant area, reducing barriers to entry and expansion has not been addressed. Instead, Ofgem have introduced two significant sets of regulation for all suppliers operating in the micro business consumer market, relating to complaints handling and the arrangements for supplying these customers. The existence of this new class of customers also provides an opportunity for stakeholders to argue that the scope of other elements of regulation currently reserved for the domestic market should be expanded. In effect, the barriers to entry and expansion are increasing.

Further, Ofgem's documents claim that the project on code governance will assist small participants; however the impact assessment suggests that little resource is expected to be available for this. If small participants are to engage effectively with industry code modifications that can significantly affect their businesses, it is critical that resources are found to enable this. For example, it is notable that no small participants have been involved in meetings about the review of credit arrangements under UNC modification 252, when this primarily affects small participants.

Ofgem's analysis from the Energy Supply Probe showed that 94% of small business customers are supplied by the Big 6 suppliers and raised concerns about the limited competitive fringe that exists. From our perspective, little is being done to aid the development of the competitive fringe and this is a factor that Ofgem should take into account in its future priorities and the development of its strategy

We would be happy to discuss these comments further with you. If you have any questions, please contact me on 07814 009762.

Yours sincerely

Arthur Probert

c.c. Jacqui Hall, Managing Director, Contract Natural Gas Limited