

Contracting Issues in the Industrial and Commercial Sector

Presentation to the DSWG

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Ofgem

Ofgem Evidence: Nature of the Problem

- During 2009 significant upswing in complaints relating to:
 - securing retail supply (lack of responses to tenders)
 - requirements for up-front security (various forms)
 - covering a wide range of business sectors & spectrum of sizes
- Raised concerns at Ofgem => decision to find out more
 - June 2009 - Ofgem wrote to all I&C suppliers & major trade associations, seeking views
- Ofgem's powers
 - Duty to protect the interests of consumers. Includes monitoring effectiveness of the competitive market
 - Powers limited in the I&C sector: Commercial negotiation nature of I&C contracts

14 August Seminar – key messages

- Joint Ofgem – Government (BIS & DECC) meeting
 - To facilitate exchange of views, deepen understanding of the issues and accelerate competitive processes
 - To focus on practical steps
- Ofgem disappointment at the need for the meeting: an effectively competitive market should see suppliers responding with new tariff offerings – are these emerging?
- Competition Act Considerations
- Further investigation/Competition Commission referral remains a possibility

Next steps

- Key actions from seminar included:
 1. Advice for customers: customer groups (incl MEUC) with suppliers (incl Energy Retailers Association)
 2. Disconnection of companies following administration – BIS
 3. Clarification/guidance on deemed rates & out of contract rates? – Ofgem
 4. Amend switching arrangements to increase time to transfer deposits? - Ofgem
 5. Customer ability to agree tougher disconnection arrangements – Energy Credit Working Group and Ofgem
- Ofgem continues to monitor closely – experiences in October contracting round will help establish whether further investigation needed.

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

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Promoting choice and value
for all gas and electricity customers