

Meghna Tewari,
Senior Economist, Markets,
Ofgem,
9 Millbank,
London,
SW1P 3GE

10 May 2010

Dear Meghna,

Consultation on SLC23

Thank you for the opportunity to comment on the above consultation. As you are aware, Good Energy is a small electricity and gas supplier. We supply in excess of 26,000 electricity customers with electricity sourced from over 1000 renewable generators and nearly 3,000 gas customers who support over 300 solar thermal heat generators.

Below is our view on the proposals.

65 working day notice requirement

Good Energy support the belief that customers should be notified of price increases in advance of them taking place. This has always been our aim when notifying customers of price changes. In normal circumstances we identify that a price change is required approximately 8 weeks before implementation, and it takes us about 6 weeks to process this through to letters arriving on the doorsteps of our customers. Unlike the big 6 players, our price changes do not make the national press, and the first indication our customers have of our change is the bespoke letter informing them of the fact.

However, as you are aware, the energy market is subject to occasional periods of volatility and as such the ability to inform customers of retrospective price changes has been as useful contingency should an emergency price change be required. It seems to us, that to lose this facility because some of the big 6 players have abused the situation would be detrimental to the market.

We would like to propose that the SLC be amended to state that customers should be notified in advance of detrimental changes where it is reasonable to do so. Where circumstances do not allow advance notification to take place, then customers must be notified as soon as reasonably practicable.

This could include a requirement to notify the Authority, where they have failed to provide advance notice, and the reasons for doing so.

While this is not as clear cut as some consumer groups would like, it strikes the right balance between providing consumers advance notification, whilst allowing suppliers a contingency to act quickly where required. It is not in anyone's interest for suppliers, particularly smaller suppliers, to face financial instability due to an inability to pass through high volatility in the wholesale market onto the retail market.

There are two other factors to be considered. Firstly, to confirm that a VAT (or other tax) increases is not considered to be a price increase. As the Government is under no obligation to provide sufficient advance notice, then this could lead to suppliers failing to notify consumers before the implementation.

Secondly, network operators (including NGC) do not provide their final prices until the last minute, although they do provide indicative prices. We would suggest that if the advance notice proposal is implemented, then network operators should be required to provide final prices, two months before implementation to allow their costs to be incorporated into the retail prices.

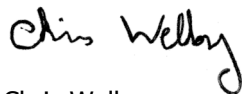
Allowing customers 15 days after receipt of notice to change supplier

We are supportive of the principle that consumers wishing to avoid a detrimental change should be given reasonable time to change supplier and the change should not be applied. However, we do not see why the losing supplier should continue to supply a customer at a potential loss, because the new supplier is tardy in applying to take over the customer's supply. It needs to be borne in mind that this relates to the notice by the new supplier, which can, in electricity for example be 28 days before the physical switchover. Even if the customer receives notice in advance, then it is possible that 2 months can pass before the switchover takes place.

However, customers have only suffered in a significantly material manner when the new supplier fails to enact the transfer on time in conjunction with a late notification by the old supplier. As a result the customer can find they face up to four months of the new charges from the old supplier through no fault of their own. If the 65 day retrospective notice is curtailed, then customers should only face a limited time on the old suppliers new rates before the transfer to the new supplier goes through. We therefore take the view that the current time line is sufficient.

If you wish to discuss further, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink that reads "Chris Welby". The signature is written in a cursive, slightly slanted style.

Chris Welby

Commercial Director