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Meghna Tewari
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Dear Ms Tewari

Consultation: Proposed modifications of Standard Licence Condition 23 (SLC 23) of the gas and electricity domestic supply licences: period for notifying unilateral contract variations and other consequential issues

Citizens Advice is pleased to have the opportunity to comment on Ofgem's proposed modifications to Supply Licence Condition 23 which relate to the period for notifying unilateral contract variations and related matters.

As you will be aware, this is an area where we have - on several occasions - urged Ofgem to take decisive action to put an end to what we regard as unfair and underhand practices, and to show that the energy industry treats its customers fairly. Our keen interest in this subject is prompted by our belief that allowing energy suppliers to impose retrospective price increases unfairly penalises customers, particularly those on low incomes or people in debt. The following cases demonstrate the problems associated with this practice, and the negative consequences which they can cause for some customers:

A CAB in Dorset reported that their client switched energy supplier but it was only after the switch had taken place that he was informed that his supplier had increased their prices substantially, and that this price increase was being applied retrospectively. The client was not provided with sufficient information when making the decision to switch because the supplier he was switching to was under no obligation to inform him that they had already taken a decision to raise their prices. As the client has a limited fixed income, the price rise meant that he was encountering difficulties in paying for his energy usage.

A CAB in Somerset reported that their client received information on the increase of his electricity charges 47 days after the date that the increase came into effect. The delay in notification of the increased charges has put a great strain on the client's financial budget.

A CAB in Hertfordshire reported that their client received notice of a retrospective price increase in both gas (29 per cent increase) and electricity (19 per cent increase) from his energy supplier. The letter was dated 20th September but the price rises were effective from 25th August. The client was upset and angered about the tardy notification of the price increases as he cannot budget retrospectively, and consequently was facing financial hardship.

More broadly, we consider that such practices are very much out of step with best practice in other industries and serve only to (further) undermine customer confidence in the energy industry.

Given these problems, we are fully supportive of all five of Ofgem's proposed modifications to Supply Licence Condition 23. We agree that providing customers with advance notification of price rises will tackle the detriment currently caused by retrospective notice of price increases. In addition, we agree with Ofgem that suppliers should have one month to implement changes to SLC 23 following Ofgem's final decision. While we appreciate that it is necessary for Ofgem to consult on proposed changes to the Supply Licence, we consider that the issue of retrospective notification of price increases has now been consulted on extensively, and prompt action is now required.

I hope that you find these comments helpful. Please do not hesitate to contact me if you would like to discuss any aspect of this response.

Yours sincerely

Tony Herbert
Social Policy Officer