

FAO Mr David Hunt.

Dear Mr Hunt,

I wish to submit my response to your Consultation Document on your Retail Market Review - Domestic Proposals. I regret that due to very restricted vision, it has not been possible for me to read in detail all 129 pages of your in depth report. My response will therefore be of broad general nature.

Firstly, there was a Statutory Instrument, No 439, The Gas (Calculation of Thermal Energy) Regulations, which came into force on 1st March 1996, signed by Tim Eggar, the then Minister for Industry and Energy, in the Department of Trade and Industry. These regulations used complex conversion factors to require Gas Suppliers to charge consumers for gas in units of kilowatt hours, instead of units of volume, either cubic feet or cubic metres.

The purpose of this complex arrangement was supposed to make it easier for consumers to "make comparisons". After sixteen years, this arrangement clearly has not worked, because frankly, most consumers just do not understand it. I have spoken to a fair number of gas consumers, and the only ones that have the remotest idea of what the conversion factors mean, are the few who studied the Gas Laws as part of the syllabus when studying for the engineering qualification.

However, it seems to me that Gas Suppliers have the opportunity to use these conversion factors to their advantage, and by sleight of hand, charge consumers a higher than necessary price. Gas Suppliers supply gas to consumers in volume, so there is no reason they should not charge in volume, with the bill showing the verified percentage of profit they make, for real transparency, so that consumers can make a proper comparison.

I put this question to one of your colleagues, Mr Tim Collins, in my response to a previous consultation in November 2011, but I have not had a reply. Perhaps you can give me an answer?

Secondly, your report is well written, and very detailed, but at 129 pages is probably too long for the average domestic gas consumer to absorb, even if they have excellent eyesight. For someone like me, with less than 50% vision, one gives up the will to live after the first 30 pages or so.

The main thrust of the report concentrates on simplifying the tariffs offered by the six main energy suppliers "for transparency" to enable consumers to choose the cheapest supplier. In a sensible energy industry, there should be no need for consumers to "shop around" and constantly switch

suppliers, people have better things to do in life than look at gas and electricity tariffs on a daily basis in order to avoid being charged excessive prices by the unscrupulous Energy Suppliers.

Dwellings usually have only one gas service pipe, one electricity cable, and one one water service pipe into the property. There is no choice of the water supply company, so why should consumers have to be burdened with the whole circus of constantly switching gas and electricity suppliers in an attempt to avoid excessive charges.

It seems to me that all the transparency and simplified tariffs in the world will not help when the main six energy suppliers effectively operate a cartel, and the difference in their prices is marginal, except of course if you switch supplier to become a "new customer" on a regular basis.

Domestic gas and electricity consumers are generally taxpayers to the government, who have established various regulatory bodies to protect the interests of the consumer, but there is little, if any, consumer protection taking place. The infamous Financial Services Authority failed monumentally to regulate the banks, and whilst top level bankers have been paid millions in bonuses for failing to do their jobs properly, and bringing the country to its knees, the taxpayer has paid nearly 50 billion pounds to stop the banks going bust.

At a time when soaring costs of gas, electricity, petrol and diesel fuel are crippling those on lower incomes, particularly pensioners, and we see fat cat bosses in the energy supply industry awarding themselves huge bonuses, and the six main energy suppliers, mostly in foreign ownership, making billions of pounds profit, what confidence can consumers have in Ofgem as a Regulatory body, to have the power and the teeth to curb excessive profits in the energy industry?

Is it possible to have real transparency and require the energy suppliers to clearly show their profits as a percentage of their turnover, with Regulator having the power to limit prices so that profit is controlled to say, 10% of turnover?

I would be grateful to receive an answer to the points I have made,

Regards, [REDACTED]