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Dear Louise,

Retail Market Review – Updated proposals for Businesses

Thank you for providing the opportunity for Total Gas & Power Ltd (TGP) to comment on the Retail Market Review – Updated Proposals for Businesses consultation document that Ofgem published on 26th October 2012.

TGP is a division of the Total S.A group and is a UK market leader in the industrial and commercial (I&C) gas supply market. TGP also supplies electricity to both half-hourly and non half-hourly I&C electricity customers.

TGP has been actively involved in the development of Ofgem's RMR proposals and would like to offer the following comments in relation to the questions set out in Ofgem's latest consultation:

CHAPTER 1: Introduction

***Question 1:** Do you agree with the envisaged implementation timetable set out in this chapter? If not, what factors do we need to take into account in setting this timetable?*

Generally the proposed timetable is achievable with the exception of the proposed obligation for Suppliers to put contract end dates on bills where we believe more than 4 months may be required to make the required back office and IT changes. TGP believes 6 months would be a more realistic lead time.

CHAPTER 2: Market Overview

***Question 2:** Do you have any comments on our success criteria and the outcomes we expect to see?*



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The success criteria outlined seem reasonable and TGP would support the monitoring of the impact on the market of any changes made under RMR.

CHAPTER 3: Protections for small businesses

Question 3: *Do stakeholders agree with our proposal for a revised definition for the expansion of SLC 7A?*

Yes we do agree. However with respect to turnover and number of employees, Suppliers are reliant on customers to accurately informing them of this information. TGP would prefer to see a consumption based small business customer qualification criteria which excludes sites that form a part of larger corporate multi-site contracts.

Question 4: *Do stakeholders foresee any significant costs or difficulties to our revised definition?*

No, we do not see any significant costs associated with a wider definition.

Question 5: *Do stakeholders agree with our proposal to mandate contract end dates on bills for consumers covered by SLC 7A? Are there significant cost implications?*

We agree that the proposals will provide another opportunity for customers to become aware of their contract end date. However, there could be quite significant implementation costs incurred by suppliers in making the necessary IT system changes – TGP is currently undertaking analysis that will provide a better understanding of this cost and this will be submitted in response to the separate information request that Ofgem has issued.

Question 6: *Do stakeholders agree the last termination date should be included alongside the end date on bills? Are there any significant cost implications?*

Yes the last termination date should be included. Regarding cost, again analysis is being undertaken that will provide a clearer understanding but this change should be consequential to the change associated with putting the contract end date on bills.

Question 7: *Do stakeholders agree with our proposal to require suppliers to allow small business customers to give notice to terminate their contract (as from the end of the fixed term period) from the beginning of their contract? What are the implications of this proposal, including cost implications?*

Yes we agree with the proposals and there are no cost implications for TGP.



Question 8: Do stakeholders consider that it would be to the benefit of customers to allow suppliers to terminate small business contracts, signed under the terms of SLC7A, in specific circumstances where a customer's energy usage significantly increased?

Yes we also agree with this proposal. If Suppliers were allowed to terminate under these circumstances it should reduce the risk premium applied to other small business contracts and therefore could potentially provide a better deal for consumers.

Question 9: Do stakeholders have views on the proposed amendments to SLC 7A set out in Appendix 4?

7A 10B (a) and (b) should make it clear that this is a requirement for Small Business customers only.

CHAPTER 4: Objections

Question 10: Do stakeholders agree that industry processes could be improved to alleviate current issues with the objections process?

TGP does not believe that the current process should be changed but that it should be monitored and enforced to ensure suppliers are interpreting and applying it correctly.

Question 11: Do stakeholders agree that we do not need to make further changes to the licence conditions at this stage?

Yes, we believe the objections process should be left as it currently operates

Question 12: Do stakeholders agree that we should collect and potentially publish information from industry sources rather than from suppliers?

Yes we believe that getting information from central systems would provide definitive information with respect to objection activity and this would enable Ofgem to monitor how suppliers are reporting on their own activities. TGP would prefer the information to be published.

CHAPTER 5: Standards of Conduct

Question 13: Do you agree with our proposed approach to tackle issues in the non-domestic market? If not, which alternative proposals do you prefer?

Our preferred option in an open market would be Option 3 so as to allow for more freedom of contract between suppliers and their business customers.



Question 14: *Does the proposed approach to enforcement mitigate stakeholders concerns about the regulatory uncertainty and risk?*

In our view, any investor the UK energy I&C supply market faces increasingly onerous regulatory risks.

Question 15: *Do you agree the proposed binding Standards should cover small businesses only?*

Yes

Question 16: *Do you agree with the assessment that the scope of the binding requirements should focus on the relevant activities of billing, contracting, and transferring customers (and matters covered by related existing licence conditions)?*

As stated, our preference would be that suppliers and their business customer enjoy freedom of contract without unnecessary oversight by the Regulator.

Question 17: *Do you have any information about potential costs and benefits of the roll out of the Standards of Conduct?*

The introduction by suppliers of new business processes inevitably will increase the costs of servicing our customers.

Question 18: *Do stakeholders have views on the proposed New Standard Condition 7B set out in Appendix 4?*

7B.3(a): the word "unduly" should be used instead of "significantly".

7B.3(b): the words "serious detriment" should be used, not merely "detriment".

7B.6: we would ask that it be made clear what "conflict" has been identified between SLC 14.2 and proposed SLC 7B.6 that would make this clause necessary.

CHAPTER 6: Third Party Intermediaries

Question 19: *Do stakeholders agree with the proposal for Ofgem to develop options for a single Code of Practice (the Code) for non-domestic TPIs?*

TGP believes that Ofgem should lead the industry in developing and agreeing a single uniform code of practice for TPI's.



Question 20: Do stakeholder consider the Code should apply to all non-domestic TPIs (including those serving small business and large businesses)?

Yes it should apply to all TPI's

Question 21: What do stakeholders consider should be the status of the Code, the framework in which it should sit, and who should be responsible for monitoring and enforcing the Code?

TGP does not believe that it is appropriate to regulate TPI's through suppliers as often brokers have direct contractual relationships with end consumers.

Question 22: Would you like to register your interest in attending the TPI working group?

Yes.

Question 23: What issues should Ofgem consider in the wider review of the TPI market? What are the benefits and downsides to looking across both the domestic and non-domestic market?

TGP believes that Domestic and Non Domestic markets should be considered separately as they operate differently with different end consumer obligations and considerations.

Please do not hesitate to contact me should you wish to discuss any of the above further,

Regards

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