



Louise van Rensburg

Retail Markets and
Research
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Dear Ms van Rensburg,

The Association of Residential Managing Agents (ARMA) is pleased to be able to respond to the retail market review proposals and we support and welcome its general conclusions. Below we give our replies to the questions posed in the Review but first some general background to ARMA and why this review is important to ARMA's members and their clients.

ARMA members act as agents for landlords of private blocks of flats. They provide management services for about 900,000 private flats in England and Wales.

The energy supply to the common parts of those blocks of flats, held in the name of the landlord, is a non-domestic supply in the licence conditions of OFGEM. (As you may be aware there has been consultation on this point but the position remains the same.)

So ARMA's members are acting as agents for many small businesses that are treated as non-domestic customers even though the supply is related to domestic premises. These small businesses are much more like voluntary organisations than commercial enterprises and have little expert knowledge about the way suppliers and the energy market operates.

The Association of Residential Managing Agents (ARMA) is the only body in England & Wales to focus exclusively on matters relating to the management of residential leasehold blocks of flats. With over 290 firms in membership, ARMA's founding principal aims are to represent its members' interests and thereby the interests of lessees, resident management companies and investor freeholders. It is estimated that there are over 1.8 million private leasehold flats in England and Wales. Whether the buildings in which they are situated are owned and controlled by investor freeholders or the lessees themselves, a large proportion employ managing agents to handle the day to day running and on-going cyclical maintenance of their buildings.

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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?

Answer: Yes

CHAPTER 2: Market Overview

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

Answer: We agree with the criteria

CHAPTER 3: Protections for small businesses

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

Answer: Yes

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

Answer: Not for our members, although we can envisage costs for the energy suppliers

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?

Answer: We agree with the proposal to mandate and would expect savings to accrue to our members as a result of better and more timely information about end dates.

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

Answer: We agree this proposal, which would be very helpful to our members. Again, we would envisage costs falling on suppliers.

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?

Answer: Yes, this would be very helpful to our members

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?

Answer: Yes

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

Answer: No



CHAPTER 4: Objections

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

Answer: Yes

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

Answer: Yes

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

Answer: Yes

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?

Answer: We agree with your proposed approach.

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

Answer: We welcome this approach, which appears to be moving in very much the right direction.

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

Answer: 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)?

Answer: Yes

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

Answer: No

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

Answer: No

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?

Answer: Yes



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

Answer: Yes

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?

Answer: A voluntary code policed by an independent ombudsman appointed by OFGEM.

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

Answer: 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?

Answer: We are not qualified to judge, but we welcome the recognition that firms operating at the bottom end of the commercial spectrum, (such as landlord supplies in blocks of flats) will share many characteristics with domestic consumers.

Yours sincerely

Michelle Banks
Chief Executive