

**FAO:Louise van Rensburg**

Retail Markets and Research

Ofgem

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Dear Louise,

Thank you for giving us the opportunity to comment on The Retail Market Review – Updated proposals for businesses (Reference 134/12 dated 26 Oct 12). My response is only concerned with Chapter 6 – Third Party Intermediaries. I should point out that Craig Associates is a member of the Association of Cost Management Consultants and adheres to their code of conduct.

**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? Yes, but draw the distinction between different types of ‘TPI’ and draft the rules accordingly.

**Question 20:** Do stakeholder consider the Code should apply to all non-domestic TPIs (including those serving small business and large businesses)? Yes, but there are a number of different sorts of TPIs who work in different ways. Craig Associates sends invoices direct to clients for our services and are not paid commissions by suppliers. We agree and obtain the client’s signature to a contract which points out exactly what we will do for the client and how they will remunerate us. We are then given an authorisation letter, on client headed paper, signed by an authorised signatory of the client, appointing us to act as agent and consultant on the client’s behalf, agreeing contracts, giving notice and doing anything else which we believe to be in the client’s best interests. This is vastly different than a broker who sells electricity by telephone or door to door for a commission.

So a code can easily apply to all non domestic TPIs but it must differentiate between the way each does business and make rules covering that modus operandi but not attempt to draft a code that specifies how every type of TPI has to carry out business.

**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? It should be the ‘professional ethics document’ for all those working in the energy supply industry, both buyers and sellers. It must be monitored and policed by a public body such as OFGEM. It cannot possibly be monitored and policed by a commercial organisation such as a private company. Although I understand the argument in favour of licensing TPIs, ‘agents’ which is what Craig Associates are, are just the authorised person who looks after something on behalf of a company or individual. Would a land agent really have to be licensed to agree electricity contracts on a large agricultural estate? That Land Agent is remunerated by the client for the job he or she does and would certainly regard it as ridiculous to have to obtain a license to do what his or her forebears have done since electricity was invented! In fact, in a much narrower field, only dealing with clients’ utilities, Craig Associates is doing exactly the same job as a land agent.

**Question 22:** Would you like to register your interest in attending the TPI working group? I feel sure you will have received several representations from abler TPIs than I , some of whom work in the same manner as I. On that basis, I assume that they may live closer to London where I assume your meetings will be held. However, in the unlikely event that this is not the case then please let me know the likely expected duration of such a commitment.

**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? Domestic and Non Domestic markets are chalk and cheese. A code should be completely relevant to the persons it is aimed at. It should be short enough to be learnt, understood and acted upon, not something of 1,000 pages and 2,000 sub clauses, 95% of which are irrelevant to vast numbers of what people term TPIs. Whoever drafts this code should be aware of the basic tenet of the Financial Services Industry. They may not be very good at sticking to it but, I am told, that their overriding aim is to try to get everyone 'treating customers fairly.'

I hope these thoughts are of some use and do not hesitate to contact me if you would like to discuss anything further.

Kind regards

John Craig

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