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Retail Markets  
Ofgem  
9 Millbank  
London  
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19 April 2013

Dear Sirs,

## Re: The Retail Market Review – Final Domestic Proposals

The purpose of this letter is to make you aware of our concerns with the Retail Market Review (RMR) Final Domestic Proposals as published on the 27 March 2013. Green Energy UK PLC owns the Garsington Energy Ltd license and trades under the name of Green Energy. We are a small, independent, electricity only supplier trading solely in the UK and purchasing only green and renewable power. We have been trading since 2001 and have a domestic customer base of fewer than 50,000.

We do not tie any of our domestic customers into fixed term contracts, we do this on the basis of customer choice, we feel that a customer should be with us because they want to be, and the lack of a contract allows them the complete flexibility to switch if they feel they are not being given the standards of service they expect, or indeed are unhappy with our pricing. All of our customers have made a conscious decision to join us, so we have no 'sticky customers'. We are a growing supplier and therefore we take this a sign that we are going about engagement with our customers in the correct way and we have a level of trust

with our customers that the many companies from all walks of business do not enjoy, but strive to achieve.

On the whole we would like to lend our support to the principles upon which RMR has focused. Clarity in the market place and fairer treatment of consumers are worthy causes and tie in with how we have chosen to operate since our inception. We have only ever offered two tariffs to customers; the difference between them has been the source of electricity. We have offered a choice between either green or 100% renewable electricity, both these are offered at a price that either matches or is below that of the regional electricity suppliers' standard tariff.

We are strongly opposed to the 'Market Cheapest Deal' which is a rushed piece of legislation which has been ill thought through and risks destroying a competitive market place and becoming an absolute barrier to entry.

However, our main bone of contention to the RMR centres around the 'Discounts, bundles and reward points' section.

As a supplier we run 4 distinct services for our customers which we believe may be affected by the RMR proposals. We believe these will have unintentional consequences and will negatively impact both us as a company and the market as a whole.

- Since our inception we have offered every customer that signs up to Green Energy 400 free shares in the company. This gives customers a real say in how the company is run. Every shareholder is invited to our annual general meeting can vote on everything from pricing matters to employee pay rises. To avoid 'carpetbagging' there is a stipulation that the shares will only be fully transferred to a customer after a period of three years as a supplier, however the customer is free to switch to any supplier they choose at the point the shares become tradable. Clearly these shares have a real financial value and therefore we have a concern that the RMR regulation as it stands would prohibit us from sharing our company with our customers. The awarding of shares does not discriminate whatsoever between location or annual spend or level of debt. We do not believe that this is Ofgem's intention and we feel that it is an issue that needs addressing prior to implementation

- We also pay all of our customers who have fully paid up shares a 'Profit Share'. For the last 3 years this has manifested as a £25 credit added to each account, we do not feel that it is appropriate for Ofgem to prohibit a pure profit share as again the level of credit is not contingent upon the level of usage, the location of the customer or the level of debt their account is in. The lack of a contract means that there is no possible way for any customer to interpret this as a means for us to sign them onto a tariff that is not appropriate for their needs. If a customer is unhappy they can switch and therefore we feel it is completely inappropriate for Ofgem to prohibit such activities.
- In an effort to support customers living in the vicinity of new renewable generation erected by some of our partners we also offer a discount to customers in specific locations. As we all know the location of any type of new generation is always a divisive issue. However at a time when Ofgem is attempting to balance the pressures of energy security and de-carbonisation surely the more of these projects that are approved with the support of the local people the better. Therefore we feel it appropriate to give something back to the communities directly affected by such builds. Currently we offer to supply these communities with 100% renewable electricity at a discounted rate 10% below our standard rates. This has garnered a huge amount of support not only from the customers themselves but from the companies building generation equipment. Obviously this discount is location contingent and therefore would be outlawed under the RMR proposals. Again we believe this would be an unintended consequence of Ofgem's actions but it needs to be given some serious thought before the proposals are enacted.
- Finally we have put ourselves in a position to offer customers signing up their new properties to us a first months' worth of free electricity. We understand that often the public would like to use green electricity however at the point of moving house money is often tight. Therefore we have put an incentive together that enables customers to 'do the right thing' by switching to a green supply supporting them through one of their most vulnerable times. Again we would like to draw your attention to the fact that we do not tie customers into contracts, therefore this is not an attempt to buy customers as they are free to leave green energy UK once they have received their free months' worth of electricity. We do this because we feel that is the right thing to do, particularly for those

customers with pre-payment meters who do not have the luxury of budgeting their payments across the year. We feel it would be irresponsible of Ofgem to forbid suppliers to offer such deals which are genuinely in the customers best interests.

In conclusion we would like to point out that this section of the RMR seems to prohibit smaller suppliers from the majority of their usual activities, however it seems to afford the larger, dual fuel, vertically integrated companies an easy course of action by allowing bundled discounts (with boiler maintenance for example) or rewards point for high street stores to carry on unabated. This seems to conflict markedly with the discourse that we and other small suppliers have had with the Department for Energy and Climate Change (DECC) about promoting competition in the market. We feel therefore that if it is Ofgem's intention to micro manage the market to this extent there should be a 'carve out' for smaller suppliers who are trying to compete in a market place dominated by larger suppliers. We would strongly recommend to Ofgem that this figure sits at 250,000 domestic customers in line with other policy. There is already a huge amount of legislation that a new entrant to the market must contend with as well as dealing with the lack of 'sticky customer' the incumbents enjoy while battling the lethargy of the market place and the distrust of utility companies largely based on interactions with the larger players.

I would appreciate the opportunity to discuss any of these matters with you, I am available by email to [chris@greenenergyuk.com](mailto:chris@greenenergyuk.com) or by phone on 01920 486156.

Regards,



Chris Greer