

Question 1: Do you agree with the scope and range of TPIs operating in the energy market, from the information provided? Do you have any further views on this?

Yes, Chapter 2 gives a clear idea of the scope and range of TPIs operating in the energy market and I have little further to add. Simplistically, TPIs either sell energy on behalf of the suppliers or they buy energy for their clients. If the latter then they would have a contractual obligation to help their clients and if they break the contract they are already subject to existing regulatory measures.

Question 2: Do you consider our understanding of consumers' experience of TPIs in the retail energy market is accurate?

Yes, I am pleased to see that para 3.9 rightly points out that *'....many consumers had excellent experiences with trusted consultants or brokers with whom they had worked for years, but it was widely felt that a small number of operators were damaging the reputation of TPIs.'* Before starting my work with the TPI WG I knew very little about problems that consumers had experienced with TPIs but I was not so naïve that I thought we were all perfect. The problem is that there are a few TPIs that are causing the problems and it is difficult to see what can be done to prevent that.

Question 3: Do you have further evidence to share regarding consumers' experience of TPIs in the retail energy markets?

I have only limited experience of poor TPI practice:

- I know of a TPI based in the North East that as part of their training boast how they call consumers pretending to be their supplier so that they can offer them very poor renewal rates and then follow that call up at a later time in their own name offering slightly better rates in the hope that the consumer will think they are being offered a good deal. That same TPI charges disproportionately high commission charges from some suppliers. Where many TPIs ask for uplift of 0.1 to 0.3p/kWh I have been told that this particular TPI adds 6 or 7p per kWh!!
- A different local TPI that works mainly in the green energy sector offered "all inclusive" prices for a HH supply and won the business based on it being "all inclusive". However, what they failed to say was that there was a green premium to pay so the consumer ended up not on the best deal. When challenged, the TPI insisted that he had not misled the consumer!

Question 4: What are your views on the existing regulatory measures applying to TPIs?

Although Chapter 4 provides information about the various consumer protection laws that are already in place it is apparent that these are not being rigorously enforced if consumers are still unhappy with some TPIs. Perhaps if they were there would have been fewer complaints! I have several comments:

- You make the point at para 4.6 that some TPIs are subject to regulatory oversight via energy suppliers. This means that some are not so whatever you do about 'beefing up' SLC25 will be ineffective against those TPIs – like myself - that are not subject to oversight by suppliers because we do not "represent" suppliers and do not take any payment from them. I do not sell gas or electricity on behalf of suppliers; I help my clients buy gas and electricity from suppliers.
- I too am concerned (see para 4.9) that suppliers may decline to work with some TPIs; some suppliers already decline to work with TPIs that do not give them enough business! This limits the consumer's choice. Incidentally, these suppliers might have won the business if their prices had been more competitive.

- Para 4.13 talks about the voluntary Codes of Practice that already exist but goes on to say that ‘....*feedback from RMR respondents that these Codes of Practice have not had the desired effect for consumers*’. Is that really the case or have the complaints been about TPIs that do not subscribe to such voluntary COPs? There has not been one complaint raised to the ACMC since we started using our COP several years ago. I wonder how many – if any – complaints have been raised about UIA members. If the answer is none then perhaps a solution would be to suggest to suppliers that they only offer prices to TPIs that do subscribe to one of these voluntary Codes of Practice.

Question 5: Do you consider the current formulation of SLC 25 may be acting as a barrier to the development of more face-to-face multi-party TPI activity?

I have no idea!

Question 6: What are your views concerning our near term work to mitigate consumer harm and promote trust in the TPI market?

Overheads UK does not have any dealings with domestic consumers so I will only be responding about matters that affect non domestic consumers.

As you know, I have been representing the ACMC as well as Overheads UK at the TPI WG. We are generally content with the work done by the WG but are concerned that progress has been slower than we would have liked. For example, we had hoped that by now it would have been decided who would be the code administrator and that the draft COP would have been completed by the end of the last WG meeting. Instead, we are still waiting to see some of the most important paragraphs – particularly those concerning monitoring and enforcement.

Para 5.8 highlights the cost implications and raises concerns that the cost for smaller TPIs may force some of them to exit the market – or new ones not to join the market. As one of those smaller TPIs, this is an important consideration.

Question 7: Are there any further areas we should consider in the near term?

I think you have enough to be going on with. It is more important that we get the new COP up and running quickly than trying to broaden the scope of your work at this time.

Question 8: What are your views on the potential wider scope of third party opportunities as a result of Energy market developments?

No comment.

Question 9: Have we captured the full range of ‘regulatory’ options available?

I am content that you have covered the full range of regulatory options available, albeit it is possible to tweak each of your options to come up with a lot more variations on a theme.

- Option 1 - Maintain the Status Quo. Although you have not ruled out doing nothing as an option I think you should. You have highlighted a problem and doing nothing would raise all the wrong signals to both consumers and those TPIs that are the cause of the problems.
- Option 1 - Issue Guidance. Whilst this would be the simplest and cheapest option to implement, I suspect it would have little effect.

- Option 2 - Code of Practice – Light approach to sanction. I like this option because of the simplicity and low costs involved but for it to work members that do not strictly adhere to the code should be ejected and suppliers should only provide prices to current members. I see no problem with an easy accreditation process but there must be sanctions for those that do not abide by the code. The ACMC operates in this way: An organisation can ask to become a member and simply has to give details of who they are, what they do and what they bring to the organisation. The application is then sent to every ACMC member and the application will be rejected if any one existing member of the ACMC blackballs the application. If the ACMC receives a complaint about any member we have a small committee that investigates the complaint and if proven can sanction the member – including cancellation of ACMC membership. It is simple, but effective. This option could work extremely well if suppliers only dealt with accredited members. _
- Option 3 – Voluntary Code of Practice – Strict Accreditation. I am against the requirement for strict accreditation because it would slow the membership process down, may put off new entrants to the TPI market, would require an experienced person to carry out the accreditation, and could be costly.
- Option 4 – Code of Practice with a Strict Licence Condition. I am somewhat confused by para 7.11 which seems to imply that consultants who get paid by their clients rather than by suppliers might not be subject to the COP. Is that what you mean? I would be very happy for suppliers only to work with TPIs accredited to the COP but that should not mean that we cannot be paid only by our clients. We already have to provide suppliers with a LOA when we ask for prices; it is fairly simple for those suppliers to check that we are also accredited to the COP.
- Option 5 – Direct regulation of TPIs in the energy sector. I see no need for this “sledgehammer to crack a nut” approach to the problem. It is overkill and one or more of the other options should be tried first.

Question 10: Do you agree with the implications of regulatory change into the TPI market?