

Dear Heather,

Thank you for the further opportunity to respond to the Consultation paper.

I have set out my views below against each question as appropriate. I write as an independent person in reply to your request for responses.

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

I consider the range and detail of the work you outline Tpi's covering and the aim and objectives Ofgem are pursuing are not compatible. The range you are giving to Tpi's across the spectrum of interaction with customers / consumers would be difficult for any organisation to manage let alone Regulate to ensure benefits accrue for the people who require protection.

The requirements and therefore the structures required to meaningfully Regulate Tpi's must differentiate for instance between the type and work carried out at one level and whom they work for at another. To Regulate those Tpi's who are independent, against those who work for a Supplier or those providing Third party services would require such high level guidelines as to be meaningless and as a consequence inappropriate at the operational level. Differentiating the types of Tpi and applying suitable regulation for each definition might bring about better Regulation across the market and place Ofgem in a better place with customers but it would be very difficult to exercise across all aspects.

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

Unfortunately for customers who use a Tpi which is not signed up to an organisation which has a Code of Practice, all situations are likely for customers to experience. The elements in the market reflect society where truth and honesty are in small quantities. Instance the Banks and Libor. The way regulation will bring about changes in behaviour across the market will be through appropriate redress schemes where it is easier to do the right thing than it is to do the wrong thing. Where checks are in place and it is more injurious to the organisation to be found out doing the wrong thing than to be seen to do the right thing. Where associated organisations who can be found to have turned a blind eye, have more serious sanctions applied for not blowing the whistle, than the perpetrator experienced.

Changes in the energy market stimulated by HMG will change the actions of many Suppliers and Tpi's. For instance the need to monitor web site energy markets in the domestic arena may disappear as the standardisation of tariffs and the requirement of Suppliers to tell customers of the least cost tariffs become custom and practice. Ofgem could further assist Domestic consumers by publishing all standard tariffs on a monthly basis so reducing the risk of customers being incorrectly charged for energy. In addition, by Ofgem creating a transparent market through such publication it would really stimulate competition in the domestic sector.

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

My recent experience in trying to obtain quotations for Power and Gas for my local church was a nightmare. I worked in the Gas industry for over 40 years and know many people in the marketing departments of some of the larger Shipper Suppliers. The teams within the Supplier side of each of the four organisations contacted, either did not wish to deal with individual customers or did it as a favour to the person I asked. On the whole there systems are not designed to help individual customers. When I turned to Tpi's I had to sign authorisation to them before they would obtain prices from the Suppliers they worked with. Very limiting and not indicative of a free flowing customer facing energy market.

Further, the steps being taken to identify Micro businesses by size mitigates against the provision of comprehensive energy quotes. Instance, four meters / Supply points on one site belonging to one customer, each meter using variable amounts of energy above and below the thresholds create an anathema to Suppliers who as a consequence of the defining Micro Business by the EU, differentiate

their business on an above and below threshold. The obtaining of a comprehensive quote is very difficult as they are dealt with by different parts of the Suppliers business now segmented on energy usage profiles. The two sides of the Suppliers business do not want to talk to each other even to give a customer a full priced quotation.

The fact is that nothing in the remit of the Third Party Intermediaries Group will address these issues which are symptoms of the consequential issues within the market.

Question 4: What are your views on the existing regulatory measures applying to Tpi's?

As your paper states there is very little. While SLC's can seek to govern what Suppliers do with their own 'Agent / Representative' Tpi's, there is nothing other than the UIA which has a Code and Redress scheme. This is voluntary and so attracts those who want to meet the requirements of the Code and market the benefit of membership to their customers.

Ofgem could introduce a mandatory scheme. A requirement applied through SLC's obliging all Suppliers to require anyone who is to be given work by the Supplier or who is to pass work to a Supplier must be signed to the Mandatory Code or another Code which has a similar customer facing redress scheme.

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?

Your paper recognises the limitations and therefore a more fulsome answer is negated. SLC 25 is singularly focused and as such cannot deal with all aspects of Tpi activity only that which the Supplier is responsible for. The impact of any SLC is about the quality and consistency of checking, then the speed and effectiveness of the follow up and subsequently the size of the teeth in the Redress Scheme.

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

Customers will gain confidence in positively responding to approaches from Tpi's when Tpi's experience the need to change their behaviour and become more trust worthy. At present most Tpi's who approach customers are viewed as having the same profile as the Double Glazing Salesmen. As a consequence customers do not enjoy the experience and constantly wonder if they could have received what they have bought cheaper elsewhere. Customers who approach Tpi's have a measure of trust, they may have received a recommendation from a friend or colleague but cannot always be sure and need to be reassured through the buying process by the Tpi.

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

- a) I would recommend the introduction of an easy complaint process where the customer can receive quick verification that what they have bought was value for money.
- b) Register every Tpi.
- c) Create a published scheme measuring customer opinion per Tpi person, accumulated for their organisation. This would provide a listing of trusted Tpi's in any business segment to identify the good from the poor. It must be run by the Regulator in order to demonstrate the importance being given and in order to bring an increase in the measure of trust in the market and change the Supplier view of with whom they should do business.

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

If Third Party Opportunities are to be valued in the future, then a Regulatory framework which has a recognisable structure and is easy for customers to identify and gain access to good advice through, should be created. If it is so created, then it will be used. Customers see Suppliers as less trustworthy than the regulatory body, using an SLC which only addresses one small segment has been demonstrated as not a strong enough tool. The framework must make it easy to complain and quick

to assure customers with the correct response. The present process of requiring Suppliers to pay a fine for misdemeanours just makes the customers wonder where the money will go and who will be funding the fine. They consider it is they the customer who pays twice, once during the action and again for the fine.

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

From what I have said above leads me to the conclusion that Ofgem should bring in a Mandatory requirement for every Tpi to sign to a Code of Practice for all Tpi's doing whatever. For any Tpi's which would not wish to sign up to any existing Code then Ofgem should create a Code of Practice perhaps based on the Seven Principles of Public Life enunciated by the Nolan Committee. A registration scheme to require each Tpi to be registered, similar to Gas Safe. As registration will be mandatory it must be managed by Ofgem as all other bodies are not seen as competent or have the trust of customers. If the increase in the level of trust, which is mentioned a number of times in the paper, is the objective then the fundamental measure has to be the a measure of trust a customer is prepared to give an individual / company. This should be measured through the opinion of those who obtain a service from a named and registered Tpi with the score being personal and also accumulated to the organisation they work for.

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

There are a large number of words within the 44 pages of the consultation which demonstrates a fulsome view of the issues. They are however too low down in the action and not able to bring about the addressing of the key objectives.

It is clear that the biggest issue for those known as Third party Intermediaries, is trust. The biggest issue for Ofgem is to select the right lever to put in place which the energy industry will pull and which customers will value. If the objective as outlined at the high level is the increase in trust then anything which does not address increasing trust is a waste of time and effort.

Tinkering about with the range of detail already identified will be too major a task for the working group to bring about in the near or long term. It is bigger than the Groups remit.

If Ofgem are really looking for a way of dealing with the sub issues which proliferate the industry, you cannot put enough time and energy into doing that. Regulation over the minutia will not address the fundamental demise.

Changing behaviour by dealing with route issues such as trust in a robust way will be like a breath of fresh air and will very quickly identify those who are not, or do not wish to work at generating trust to further their business. They, whoever they may be should feel the full and powerful wrath of the Regulator.

Regards

Peter Thompson