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Third Party Intermediaries  
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**Ref: Exploration of Market Issues ref (103/13)**

Dear Retail Markets Team

Appendix 1- Summary of Questions: please find below our response to the questions raised in this consultation.

#### Question 1

There is a wide range of energy services other than assisting with energy procurement that are offered by Energy Services Companies that you might term TPI's. The range of such activities is vast, from energy procurement to financing, running and maintaining energy plant. It would be wrong and indeed impossible to attempt to include such a range of service offerings under the umbrella of the work Ofgem is currently undertaking. Power Efficiency, owned by Balfour Beatty, is a good example of an integrated business model that does offer such a wide range of services. There are a significant number of other such service providers working in this way. Ofgem's current work should focus on the interface between TPI/Supplier and Customer around the procurement and management of energy supplier contracts.

#### Question 2

I believe that Ofgem's understanding of consumers experience of TPI's in the retail energy markets is broadly accurate. However, for example, in 3.2 you refer to a significant proportion of consumers interacting with TPI's being subject to what you might term unethical practices and negative impact on competition. These are sweeping claims that are not backed up by Power Efficiency's experience in the larger corporate market sector. Here the presence of TPI's (Energy Consultants) has a positive effect on competition, indeed otherwise why should such a high proportion of such business be directed through TPI's. Customers appoint a TPI with the necessary specialist experience to source the best price and contract terms and handle the complexities of dealing with all the different parts of the deregulated energy industry: supplier, meter operator, data collector, etc. etc.

### Question 3

None, other than to reiterate our previous submission, that TPI's should be transparent in their dealing with client. This should relate to the service being offered, including the level of the market that the TPI will access and the price that will be charged. PE believes that energy consultants (TPI's) should provide a service that interacts with a full range of suppliers active in the energy markets. If OFGEM is concerned specifically about "tied" TPIs then they could investigate this point directly. They should establish if suppliers are specifically creating "tied" relationships with TPIs or sales agents or indirectly creating a tie by offering volume incentives to TPIs or offering commission levels that incentivise the TPI and create a conflict of interest.

### Question 4

We believe that, in addition to existing regulatory measures, there should be a single Code of Practice for TPI's, those that market the provision of assistance with the provision of a customer's energy procurement contract and therefore act as the interface between the customer seeking such services and the provider.

### Question 5

SLC 25 refers to the supplier obligation in respect of anyone acting as an agent for it. Other TPI's, those not acting as an agent for a particular supplier should not, under SL25, be inhibited from seeking energy supply offers from a broad range of suppliers. Suppliers should be encouraged to view those TPI's working within the broad market sector and a range of suppliers as well removed from being considered as an agent. TPI's working in this way must not be considered as an agent of a particular supplier they are independent facilitators of energy supply contracts from a range of suppliers. As a result of our independence from suppliers we would strongly oppose any move by OFGEM to use the supplier licence to regulated TPIs.

### Question 6/7

We have been part of the near term work carried out by Ofgem, we believe in the introduction of a single Code of Practice but the cost of administration must be kept as low as possible so as not to put pressure on TPI's that might exit the market due to cost pressure. It is important that this sector is supported as its presence in general is to the benefit of customers and competition in general. We strongly believe that transparency regarding, services being offered, to include the cost and the level of market penetration is essential. We have made representations regarding the position of Landlords/Managing Agents in the market and there are other groups in a similar position that should not be classed as TPI's. These groups employ TPI's more often than not and these bodies will be subject to the Code. If these bodies act to procure energy in their own right they are purely customers going about their own specialist business, e.g. a landlord or Managing Agent procuring energy that will be used collectively by their tenants.

### Question 8

There are already a wide range of Energy Services providers working in areas far beyond the scope of a 'typical' TPI as covered in our response in Q1 above. We believe that the current focus on the direct role carried out by TPI's as an interface between customers and energy suppliers is the correct area to concentrate on and that the broader and developing role into deeper energy services provision should not form part of any short term involvement by Ofgem. The range of services and therefore providers would make this impractical and the range of consultative services offered will continue to broaden to assist UK plc to keep its energy costs to a minimum through energy efficiency and energy services in general.

#### Question 9

We believe that you have captured a wide range of 'regulatory' options in this paper

#### Question 10

We believe that whatever method of 'regulation' is introduced it should be relatively low maintenance, cost and administration wise. Any significant on cost is likely to be passed through to customers and this is hardly the objective of the work being carried out by Ofgem. PE will, which ever route is decided upon, advocate publically that all activities around procuring energy contracts must be transparent regarding service provided, market penetration and cost. This should apply whether the TPI business model includes direct payment from customer or agreed commission recovered via the supplier or a mixture of the two. Either way our business is independent of any supplier and we have no conflict of interest in recommending the particular supplier that offers the best deal for each of our clients.

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Yours faithfully

A W Gibbons  
Director