



Proposals for Regulating Non-Domestic Third Party Intermediaries (TPIs)

I am responding to your Proposals for Regulating Non-Domestic TPIs on behalf of The Association of Costs Management Consultants (ACMC). The ACMC has met twice in recent months to discuss your proposals and we were fortunate to have Heather Swan attend both meetings to answer any questions that arose. I have been asked to put forward a joint response from The ACMC that reflects the majority views of our members. There are numerous parts of the consultation paper that we have either not discussed in detail or where there is no broad consensus so this submission will focus only on those areas where we have reached a consensus. Several ACMC Members – including myself - will be sending you their own personal comments on the consultation paper.

CONTEXT. OFGEM has stated that ‘The non-domestic TPI project aims to improve current engagement between consumers and TPIs in the non-domestic market, whilst promoting transparency and helping enable those engaging in the market to get a better energy deal’. Although this is a worthy aim it should not be at the expense of TPIs. I fear that implementation of the COP may prove to be a barrier to some smaller TPIs: either because some suppliers may reduce the number of TPIs they are prepared to deal with or because the cost of accreditation will be prohibitive.

RATIONALE FOR INTERVENTION IN THE TPI MARKET.

Question 1: Do you agree with the definition of TPIs? Please provide any suggestions along with supporting information.

Getting the definition right is critical to the whole process. You have provided two different draft definitions. The first is far too broad and seems to be trying to include any organisation that has anything to do with providing advice about energy. The second definition seems to focus in on the ‘energy supply needs’, which we take to mean the purchase of gas and/or electricity and may therefore exclude other services such as provision of energy efficiency advice, provision of bureau services (bill validation, troubleshooting, etc.) or the provision of metering or data or energy efficiency advice. Our preference would be the second definition because almost all of the draft COP seems to be focused on the purchasing activity. If you wish to broaden the definition you will need to completely re-write the draft COP.

Question 2: Do you agree with our list of proposed TPIs that could be covered by any regulation we introduce?

Your list is very comprehensive but includes some that are not relevant to the purchase of energy so they would seem to be superfluous.

Question 3: What types of organisations should be exempt from our TPI scope definition and why?

Any organisation that is not involved in the purchase of energy should be excluded.

OPTIONS FOR REGULATION OF NON-DOMESTIC TPIs

Question 4: Do you agree with our recommended option for regulating non-domestic TPIs?

Most ACMC members are content with Option 3 but some members did prefer Option 4.

Question 5: Do you agree with our proposed governance recommendations?

Most, but not all, ACMC Members were content with Option B – Independent Board responsible for COP with OFGEM as an approval body

Question 6: Please provide your views on the appropriate representation for members of the proposed independent code board.

It is not clear how you will select TPIs to be members of the Board but you will need to be very careful in selecting a cross section of all types of TPI so that smaller TPIs have equal representation and voting rights to the larger TPI organisations. We welcome the fact that you propose to include trade associations on the Board and hope that The ACMC will be one of them.

NEXT STEPS

Question 7: Do you agree that there is scope for improving complaints monitoring and information sharing? Do you have any further views?

Yes.

IMPACT OF OFGEM'S RECOMMENDATIONS IN THE NON-DOMESTIC ENERGY MARKET

Question IA1: Do you agree with our assessment of likely impact on consumers? Is there any other issue/s we should be considering?

Yes, the code should increase confidence in the advice being provided by TPIs. This will work best of the COP is clearly focused on the procurement of energy process and not energy advice in general which may blur and devalue the message.

Question IA2: Do you agree with our assessment of likely impact on industry? Is there any other issue/s we should be considering?

Although under Option 3 OFGEM has recognised that there will be a direct impact on TPI costs we do not think they have placed sufficient emphasis on this aspect. We have no real idea of what external costs may be placed on us but fear that it may prevent many smaller TPIs from continuing to operate and, therefore, reduce competition in the market.

Question IA3: Do you agree with our assessment of likely impact on competition? Is there any other issue/s we should be considering?

We are content with the impact statements made under Option 3 but again stress the above point about the likely costs removing some smaller TPIs from the market.

Question IA4: Are there any distributional effects that our policy proposals could cause?

Not that we are aware of.

DIRECT COSTS OF OUR RECOMMENDATIONS

Question IA5: To better inform our cost-benefit analysis, please provide us with financial/ costs data on the following:

- **Initial (one-off) costs:** including costs to your business models and costs for familiarisation to the code of practice (this includes, costs to understand your obligations and relevant staff training and any costs to change internal processes as necessary);
- **On-going costs:** this includes resourcing implications of the introduction of a code of practice to your organisation and any other expense that you think may be incurred (for example, monitoring compliance).

Because The ACMC has a variety of member organisations, from one man companies working from home to those with between 20 and 30 members of staff the costs for each member vary so greatly that I am not able to provide figures on likely costs here. However, in our discussion we were all concerned about the costs involved in gaining accreditation and any annual fees involved. And we were all of the opinion that the accreditation fee and/or annual fee should not

to be set at a level that either results in some TPIs not being able to continue to operate and or deters new entrants to the TPI market.

Question IA6: Do you have any additional comments on the risks and unintended consequences outlined above? Are there any other risks or unintended consequences that have not been considered? Please provide as much information as possible.

Several of our members are concerned that the implementation of the COP be carefully managed. It is vital that sufficient time be given for the accreditation process prior. We do not want the situation where energy suppliers cease providing prices to TPIs simply because the TPI application for accreditation has not yet been processed.

Please note that we are content for our views to be published.

A handwritten signature in black ink, appearing to read 'Mark Frazer', is written over a circular stamp. The signature is fluid and cursive.

Mark Frazer
ACMC Membership Coordinator

7 May 2014