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## **Proposals for regulating non-domestic Third Party Intermediaries (TPIs)**

Dear Meghna Tewari,

Ecotricity is an independent renewable energy supplier with just over 110,000 electricity and gas customer accounts across the UK. We pride ourselves in the professional, transparent and personalised customer service that we offer, which is consistently recognised by our customers and third party surveys. In January we were placed at the top of the 2014 Which? energy company satisfaction survey.

Ecotricity welcomes Ofgem's review of the role of non-domestic TPIs in the energy market. We recognise that TPIs represent an important route to market for non-domestic consumers and that there are a variety of TPIs operating in the market. We are aware that whilst non-domestic consumers are business-aware enough to realise that cheaper deals will be available by directly approaching the supplier, they still choose to contract with suppliers via a broker; a significant proportion of our half-hourly market and renewals are conducted through brokers.

Our concerns regarding the role of TPIs in the market are around fee arrangements. Too often the focus for a TPI will be the fee receivable rather than the appropriateness of the product and service for consumer. This presents a conflict of interest and can lead to them promoting products which are not appropriate for the customer. We agree, therefore, that it is necessary to regulate their role in the market and that the focus should be on standards of conduct when interacting with consumers. In addition we consider that transparency with regard to fee structures and amounts payable is imperative.



We provide our responses to the consultation questions as follows:

- 1. Do you agree with the definition of TPIs?**
- 2. Do you agree with Ofgem's list of proposed TPIs that could be covered by any regulation introduced?**
- 3. What types of organisation should be exempt from Ofgem's TPI scope definition and why?**

Ecotricity support Ofgem's position that if a TPI receives a fee from a supplier for the service it provides then it should fall under the auspices of the TPI regulations. We therefore consider that the definition of TPI for regulation purposes should be amended to include reference to fee arrangements. Any of the types of TPI listed in the consultation ought to be subject to the regulations if they are in a fee-paying relationship with the supplier. To be clear, we believe that consultants and other third parties who contract directly, and only, with the non-domestic consumer (rather than the supplier) should not be subject to TPI regulations.

It is our experience that face to face/telephone TPI services most require regulation. We are not aware of any commercial price comparison web-sites which have a significant impact on the market requiring regulation. However, for future proofing we would support them being included. It is the fee structure rather than the communication platform which should determine which parties are covered.

**4. Do you agree with Ofgem's recommended option for regulating non-domestic TPIs?**

We consider that adoption of a code of practice (CoP) strikes the right balance of enabling the non-domestic consumer to have confidence that the TPI will act in a fair, honest, transparent and appropriate way, whilst allowing innovation within the market.

We support Ofgem's proposals for the adoption of a CoP that is underpinned by a licence condition requiring suppliers to work only with accredited TPIs. Clearly a database of accredited TPIs will need to be maintained to ensure that up to date and accurate data is always available enabling suppliers to make appropriate judgements when trading with TPIs. Suppliers should not be penalised for a breach of licence conditions where a TPI has lost its accreditation (or fraudulently acquired an accreditation) and records do not reflect their relevant status.

**5. Do you agree with Ofgem's proposed governance recommendations?**

We consider that Ofgem is most appropriately placed to manage the governance of a TPI Code of Practice. It is our view that the governance code for non-domestic TPIs should be managed alongside the Confidence Code given the similarities and therefore economies of scale. Further, Ofgem's industry authority will be important in adding weight to a new code.



We do not believe that the market for non-domestic TPIs is sufficiently complex to require the appointment of an independent board of governance.

## **6. Do you agree that there is scope for improving complaints monitoring and information sharing?**

We agree that there is scope for improving the complaints monitoring and information sharing. We are aware that it is easy for a broker to 'blame' the supplier and vice versa. Therefore, situations where one party misrepresents another should be capable of investigation.

### **Our comments on the draft impact assessment are as follows:**

We are broadly in agreement with Ofgem's assessment of the likely impact on consumers, industry and competitors.

The one-off costs to us as a supplier of implementing the CoP will be low, though we envisage that TPIs will pass-on the compliance costs to suppliers, which in turn will be passed-on to customers. We do not foresee any additional on-going costs.

We are not aware of any existing codes of practice which might conflict with a new CoP and we consider that the risk of increasing the regulatory burden on TPIs will be mitigated in part by adopting the CoP underpinned by licence conditions.

### **Conclusion**

In conclusion, we support Ofgem's proposals for the adoption of a code of practice to govern non-domestic TPIs that is underpinned by a licence condition requiring suppliers to work only with TPIs accredited to the Code. We consider, however, that Ofgem is best positioned to govern the Code rather than the proposed industry body. Ofgem have the requisite skills and independence, and already manage the Confidence Code making them most appropriate for this role. Further we support transparency in fee arrangements of non-domestic TPIs.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this submission. Please contact Holly Tomlinson on 01453 769301 or [holly.tomlinson@ecotricity.co.uk](mailto:holly.tomlinson@ecotricity.co.uk)

Yours sincerely



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