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9.5.14

Dear Meghna

Re: Non-Domestic TPI Code of Practice

As a member of Ofgem's Non-Domestic TPI working party, Make It Cheaper welcomes this consultation and the opportunity to contribute towards it.

Fundamentally we are in favour of a Code of Practice to regulate Non-Domestic TPIs such as ourselves but only if it is executed in the right way. For customers to really gain any benefit from a Code of Practice, we feel that it should - first and foremost - be mandatory for anyone with which they may be discussing their options for energy procurement. Allowing TPIs, or suppliers' direct sales teams for that matter, to operate without membership will create a two-tier system. Some customers - particularly the more vulnerable - will fail to recognise this and put many of them at the mercy of non-members. This unwanted scenario would be not-too-dissimilar to the one we have at present in which some of the suppliers' direct sales teams, plus a small minority of TPIs, seem to be causing the majority of customer detriment.

Secondly we believe the Code should be ultimately 'owned' by Ofgem itself, rather than by a weaker compromise of an independent board made up of brokers and suppliers. The Code needs the power of authority to have (and use) proper sanctions to discipline compliance breaches / reach dispute resolutions swiftly - even if this power is delegated to a governing authority with the necessary skills to practice effectively (*cf* the Energy Ombudsman). By all means include a members' board for advice but certainly not for managing the Code - otherwise it's no better than a trade association representing its own interests instead of those of the consumers it is meant to protect.

Furthermore, like all successful Codes of Practice, it shouldn't just deliver a guarantee of service for customers but present an opportunity to actually contribute to an increase in levels of engagement. In marketplaces where Industry Codes have high awareness and understanding, they have become a byword for quality and undoubtedly contribute to a greater number of customers making informed decisions. Ones that spring to mind are 'ATOL-Protected', 'Food Hygiene Rating', 'Trading Standards' and even 'Price Comparison Approved by Ofcom'. Those stamps of approval are examples of what good looks like to the customer and to which Ofgem's Non-Domestic Code of Practice should be aspiring.

For small businesses seeking vetted, impartial advice on buying their energy, there has never been a stronger reason to provide them with that reassurance. According to independent market research findings - commissioned by Make It Cheaper earlier this year - the top 10 tasks that business owners are most likely to need help in arranging via a service provider are as follows:



<p>1 Electricity 38% 2= Gas 31% 2= Landlines 31% 4 Buildings Insurance 28% 5= Broadband 27% 5= Tax Returns 27% 7 Liability Insurance 26% 8 Vehicle Insurance 25% 9= Office Supplies 22% 9= Business Rate Valuations 22%</p>	<p>Small Business ‘Pain Points’</p> <p>Expenditure that SMEs are <i>most likely</i> to seek help with</p> <p><i>Source: DJS Research for Make It Cheaper, April 2014 (302 respondents)</i></p>
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So in answer to:

- **Question 1:** Yes, we agree with the definition of a TPI.
- **Question 2:** No, it needs to be made clear that the list of members will include suppliers’ direct sales teams as well.
- **Question 3:** None from the current list.
- **Question 4:** Yes, a mandatory Code is the only solution to protect all customers.
- **Question 5:** No, customers would benefit more if the Code followed Option A (Ofgem responsible for governance).
- **Question 6:** As above, it makes sense to have representation from across the industry but as a sounding board only.
- **Question 7:** As stated in earlier consultations, the key piece of information that could - and ought - to be published is the level of market engagement in non-domestic energy by each type of sales channel.

With regards to the costs involved in implementing a Code of Practice (**Question IA5**), Make It Cheaper is already undertaking many of the aspects that would become obligatory under its jurisdiction. I hope this was sufficiently demonstrated in Ofgem’s recent fact-finding visit to Make It Cheaper and in the various communication exchanges we have had about a Code of Practice?

However, in the run-up to a Code of Practice being introduced, we would seek to recruit a Compliance Officer to join our compliance team who would be tasked specifically with managing our membership and acting as a liaison with the Code of Practice administrator. We estimate the annual remuneration cost of this role to be in the region of £30,000. This will, no doubt, far exceed any cost of membership (NB Domestic Energy Code of Confidence membership costs the Make It Cheaper Group around £6,000 annually) but it is worth bearing in mind that this represents a much lower proportion of our cost base than does, for example, the FCA membership (and associated costs) that we are required to have for our business insurance customers. Ultimately, if more customers are going to engage in the non-domestic energy market - and with more confidence – as a result of a Code of Practice, then it’s a price worth paying.

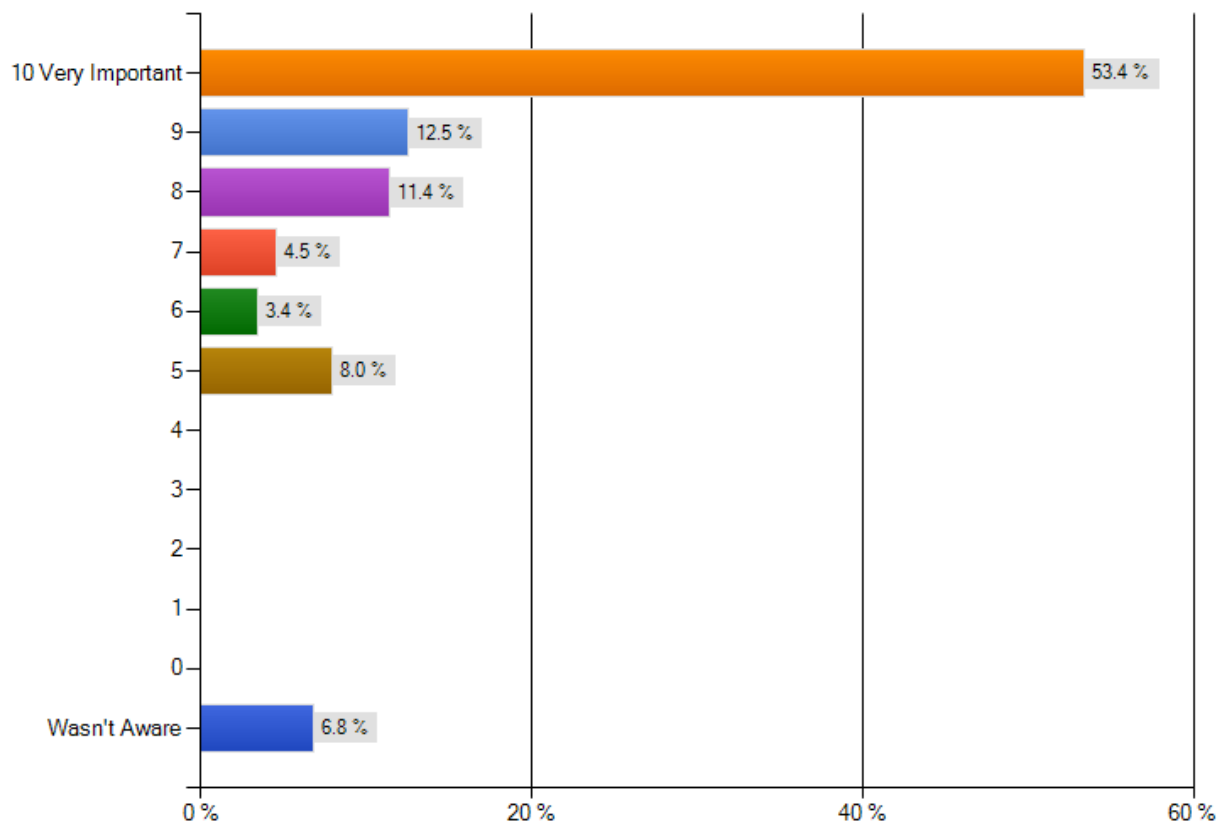


Here, for example, are recent comments from customers who have switched their domestic energy for the first time this year:

- *"I tried a couple of Ofgem approved comparison sites. Ofgem approval was the criteria that mattered to me as recommended on national radio."* **Matthew Burch, Southport**
- *"I'm glad that the report I read pointed to approved sites and independence of choice as important, I'm reassured that you are."* **Ian Ingleby, Lancaster**

Similarly we have asked the following question in a domestic energy customer satisfaction survey – the responses to which demonstrate the importance of Ofgem's accreditation scheme to those seeking guidance through the switching process.

How important is it to you that our service is accredited by Ofgem's 'Confidence Code', meaning regular audits to ensure we: "act independently of suppliers, so you can be sure that when you are presented with options and prices, they have been calculated and are displayed in a fair and unbiased way"?



Source: UKPower.co.uk* customer panel 2014 (1,152 responses)

Question IA6 asks about other risks and unintended consequences and there are two areas that we feel are worth highlighting below:



Innovation in product development may well, as the Consultation suggests, be put at risk with the introduction of a Code of Practice. For example, we are currently testing 'Next Generation Intermediary' products that allow customers to take advantage of wholesale market fluctuations. We would not want customers to be denied access to these products – and the associated benefits of saving even more time and money – as a result of inflexible rules contained in a Code of Practice. Our suggestion would be to conduct an annual review of the aims and rules of the Code so that they are not frozen in time. The key here is to ensure that the Code of Practice is always striving to get best results for the customer and we would expect customers themselves to provide inputs and insights into each review.

Commission Disclosure has always been a part of the Make It Cheaper service. We explain to customers how we earn our money and, when asked, exactly how much the figure is at meter level. In fact, you'll find our full disclosure statement on our website, two clicks away from the homepage, with an invitation to find out on a case-by-case basis via a bespoke email address for that very purpose. However, we are now trialling rather more proactive ways of informing customers how much we are paid by suppliers so that, in future, no customer will ever be in any doubt about the amount, supplier and timing of our remuneration – or, importantly, what long-term Service Level Agreement that fee entitles the customer to. As with any other purchases, customers like to know about their entitlement to consumer rights along with what guarantees or any value-added benefits it offers them – eg renewal reminders. For this reason we recommend that any commission is disclosed by the TPI, rather than the supplier, so that the TPI is able to communicate its true worth to the customer, as they see fit, in their own way.

In summary, we are fully committed to a Code of Practice and look forward to seeing it progress into fruition as soon as possible. If there is anything more we can do to help in making this happen, please do not hesitate to ask.

Yours sincerely

Jonathan Elliott
Managing Director

* **About Make It Cheaper:** Based in Central London with 140 staff, Make It Cheaper has been the No.1 destination for businesses to get a better deal on their utilities since we launched in 2007. Following our acquisition of **UK Power** in 2012, Make It Cheaper also provides competitive energy prices and expert advice for households – online and via a freephone service. Our supplier panel includes all of the Big 6 and 25 of the smaller domestic and non-domestic energy companies. For businesses and charities we also offers savings across other overheads including: telecoms, insurance and merchant services. The company has appeared in the [Fast Track 100](#) for the past three years and, in 2013, we won the titles of 'SME Consumer Champion' & 'SME Most Trusted' at the [Energy Live Consultancy Awards](#) (titles for which we have been shortlisted again this year). Our 2014 Net Promoter Score, based on 2,487 customer satisfaction questionnaires completed year-to-date, is 67.

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Winner of the **SME Most Trusted** award

TELCA Awards 2013

