



Jonathan Blagrove –
Senior Manager –
Consumer Policy and Insight
Ofgem
9 Millbank
London SW1P 3GE

22nd August 2014

ICoSS Response to Consultation on supplier Guaranteed and Overall Standards of Performance (GOSP)

The Industrial and Commercial Shippers and Suppliers (ICoSS) group represents the major non-domestic industrial and commercial (I&C) suppliers in the GB energy market, supplying 70% of the gas needs of the non-domestic sector; a number of our members also supply electricity to their customers¹.

We are providing a response setting out our views to the possibility of extending GOSP to microbusiness customers (Question 8)

We agree with Ofgem that there are significant differences between the small business market and the domestic market. The non-domestic market is far more competitive and customers have a far greater range of suppliers available to them; the pressure to ensure a good customer service is therefore correspondingly greater. In addition compensation tends to be determined on a case by case basis and is based on the specific circumstances that apply.

Additionally where the consumer remains dissatisfied the Energy Ombudsman scheme acts as an incentive to ensure that the failure is put right. It should be noted that in many cases a customer complaint will not reach the Energy Ombudsman as the supplier will negotiate a settlement appropriate to the situation.

¹ *Current Membership: Co-Operative Energy (associate), Corona Energy, Crown Energy, ENI, First Utility (associate), Hudson Energy (associate), Gazprom Energy, GDF Suez Energy UK, Statoil UK, Total Gas & Power, Wingas UK.*

It should also be recognised that customer's bills in the microbusiness market are usually an order of magnitude greater than that of domestic customers. The current definition of microbusiness customers includes organisations with a potential energy spend of up to £10,000 per fuel. This means a fixed payment of £29 is also not only likely to be seen as inadequate, in many cases it will be seen as derisory. We are also unsure as to whether such payments would be seen as final compensation as in many cases the customer may believe they are entitled to more.

With regard to operating the GOSP, we also agree with Ofgem that the requirement to put in place an automatic compensation mechanism and associated reporting systems will be a significant cost for those who do not have it in place already for domestic compensation purposes. The cost to put such process and systems in place will be relatively fixed and so represents a disproportionate burden to smaller suppliers which may impede competition. In addition to the disproportionate cost incurred by suppliers, as recognised by Ofgem, the cost for the customer in processing such unexpected adjustments to their bill is likely in many cases to exceed the small value of the compensation payment made.

In summary we believe that extension of the GOSP to the microbusiness sector is inappropriate and will not achieve the aim of ensuring adequate compensation for microbusiness customers. In fact we believe it will have a detrimental impact for consumers and will result in higher costs for both suppliers and consumers and may impede competition in this sector.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Evans'.

Gareth Evans
Chair ICoSS