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**Ecotricity's response to Ofgem's Final proposals on the treatment of white label providers in the domestic retail market**

Dear Adhir Ramdarshan,

Ecotricity is an independent renewable energy supplier with over 155,000 domestic customers. We pride ourselves in the professional, transparent and personalised service that we offer, which is consistently recognised by our customers and third party surveys.

We note that white labels often have unique offerings and it is important for Ofgem to recognise this in respect of the Cheapest Tariff Messaging (CTM) rules. Importantly, cheapest tariff messaging is only appropriate when comparing like for like and Ofgem should allow derogations where the offerings are sufficiently distinct as to make the CTM meaningless.

**Question 1: Do you think the implementation date of our proposals is appropriate? If not, please explain your reasoning, suggest an alternative implementation date and provide evidence to support it.**

Based on our own experience we would expect white labels and their partner suppliers to struggle to meet the expected implementation date of July 2015. The changes required will require amendments to billing and IT systems; which is difficult enough when only considering one's own company. Where comparisons with other companies are required, we would expect this work to be far more complicated.

We would suggest that it be delayed until early 2016 would be more appropriate.

**Question 2 – Do you agree that the amendment to the white label definition captures the policy intent of our proposals? If not, please explain your reasoning.**

We do not believe the definition of white labels is satisfactory. Whilst it is clear, we do not consider it fair, efficient or in the customers' interest. Ofgem's definition of a white label tariff states that

*'The legal relationship between the customer and the licensed energy supplier remains unchanged irrespective of the identity of the white label.'*

The proposed definition in the Licence Conditions 31D.25 states

*'For the avoidance of doubt, this paragraph does not in any way relieve to licensee of any obligations to provide information to a Domestic Customer arising under any relevant provisions of legislation, law or other licence conditions.'*

This creates a high regulatory risk for suppliers and reduces the protection for customers. Where a third party acts on the supplier's behalf, customers may experience varying levels of customer service that are not consistent with that supplier's own; making it disadvantaged by the third party's failings. Subsequently, we believe that the definition should be changed to require white labels to be responsible to Ofgem for their own customer interactions and any complaints resulting from them.

If direct regulation is out of the question, we would like to suggest Ofgem's proposed treatment of Third Party Intermediaries (TPIs) as a model for white labels. The Code of Practice will help increase the confidence of business consumers working with TPIs. A similar code for white labels would safeguard against poor customer service; increase the incentive on the white label to comply; and reduce the regulatory risk for the licensee.

We also suggest that there should be separate reporting mechanisms for complaints. For example, when reviewing complaints figures for SSE on its own and Ofgem's website; it is not clear which are down to its own customer service and which are due to its white label Marks and Spencer's. Separate complaints reporting would increase clarity for customers who, after all, are likely to be more concerned about the record of the organisation with whom they have direct dealings, than the supplier that sits behind it.



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**Increasing the number of tariffs available**

We support the proposal to allow additional tariffs for white labels and for these to not be included in the suppliers' limit. White labels stimulate competition in the market and offer greater choice for consumers, particularly those that are otherwise overlooked. New entrants such as white labels and other non-traditional business models tend to target these groups through these changes they will be able to provide benefits to them. The increased clarity with this amendment will allow new entrants to exploit particular sections of the market.

**Conclusion**

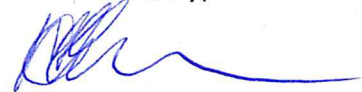
Ecotricity supports the proposals that allow white labels to develop, whilst safeguarding the interests of consumers. However, we believe the implementation date is too optimistic and does not reflect the significant changes needed to IT systems in order to apply the CTM to bills.

We also hold that the licensees should be offered greater protection in instances where white labels fail to offer comparable customer service, despite all efforts made by the licensee. And perhaps separate reporting mechanisms for complaints for customer clarity.

The current split of responsibility between a white label and its partner supplier gives cause for concern. This is because there is an added layer of complexity when one corporate entity is seeking to ensure compliance by another and this is enforceable under the contractual relationship only. We believe that a model where the white label is directly responsible for the communications it has with its own customers, under Licence Conditions or at least through a Code of Practice, provides the greatest protection for consumers.

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 Ryan Wilkins at [ryan.wilkins@ecotricity.co.uk](mailto:ryan.wilkins@ecotricity.co.uk).

Yours sincerely,



PP-  
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