

CHAPTER 2: What we want to achieve

Question 1: Do you agree with our objectives for the allocation of voluntary redress? If not, please explain why.

We agree with the objective for the allocation of voluntary redress, through efficient targeting long term benefits of the funds spent should occur.

Question 2: Are there any additional objectives or criteria we should consider when making a decision on our forward approach to voluntary redress? Are there things our approach should definitely include or absolutely avoid?

The independence and transparency of the scheme are paramount; this independence will enable decisions which reap the most benefit for the energy consumers.

CHAPTER 4: Overview of options

Question 3: What are your views on 'Option 1: Current process with enhanced principles'? Are there any other advantages, disadvantages, risks or costs relating to this option that we should consider?

We do not consider this is the best option to ensure the maximum number of energy consumers who can benefit from voluntary redress payments do so and consider an independent separate decision making body to be the both the fairest and more effective option.

Question 4: What are your views on the possible additional principles outlined in 'Option 1: Current process with enhanced principles'? Are there further additional principles that would help meet our objectives?

We do not consider option 1 with enhanced principles makes the best use of voluntary redress payments, in view of what could be achieved through option 2.

Question 5: What are your views on 'Option 2: Responsibility given to a third party with appropriate expertise'? Are there any other advantages, disadvantages, risks or costs relating to this option that we should consider?

Question 6: How should the costs of the third party associated with allocating redress be funded?

The costs should be met from the financial penalty imposed. However in terms of costs it may well be a cheaper option to establish the trust.

Question 7: Should the company that made the redress payment have an input into the approval of recipients under this option?

No, the funding should be allocated independently, and the third party/ trust should be left to determine where the funds would have maximum impact, including deciding on priorities to address. Once agreeing and paying the voluntary redress payment their input should be finished, this will ensure transparency and impartiality.

Question 8: How can we ensure that smaller potential recipients can bid and are not disadvantaged compared to larger potential recipients?

Other trusts have funding streams which are geared towards a lighter touch and ease of application for grant recipients who are smaller organisations, we see no reason why this approach could not be replicated with set criteria for example in respect of turnover or grant requested.

Question 9: What are your views on this ‘Variation on Option 2 – Voluntary redress payments go to a charitable trust set up by Ofgem’? Are there any other advantages, disadvantages, risks or costs relating to this option that we should consider, particularly in relation to the DAF provider model set out above?

We consider this to be the fairest, most transparent, independent option which would enable the voluntary redress payments to have maximum impact for energy consumers. The criteria should be established to ensure only charitable organisations can apply for funds as opposed to statutory and public bodies.

Question 10: How should the costs of running a charitable trust set up by Ofgem be funded?

Investigation should be made to determine how other trusts meet costs and this could be adopted.

CHAPTER 5: An additional consideration

Question 11: What are your views of the idea of using part of voluntary redress payments to support specific schemes? What are the advantages, disadvantages, risks or costs relating to this idea? What existing schemes could be considered under this approach?

Strategic Priorities could be established to enable the funds to have maximum impact to energy consumers.

CHAPTER 6: Overall view

Question 12: Which of the options in this consultation do you think should be used and why?

Option 2 is preferred to option 1 either the engagement of a third party or the establishment of a charitable trust are preferred to the current practice, in terms of cost it may well be the administration of a trust may be a cheaper option than the costs of engaging a third party.

Question 13: Should any other options be considered? If so, please provide an outline explanation of your suggested alternative option(s). Please also outline any associated benefits and costs with the alternative option(s).