

**Response to the Ofgem consultation concerning the:-
'Allocation of Voluntary Redress Payments in the Context of
Enforcement Cases'**

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

The objective to maximise the long-term benefits for energy consumers by ensuring that Voluntary Redress funding is well targeted is a sound ambition. Every effort should be made to ensure that payments reach a greater number and variety of recipients. Engaging an independent organisation with expertise in the charitable sector who understands energy related hardship in recommending who ultimately receives the voluntary redress payments could be the best option for Ofgem to achieve the stated objectives.

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?

Engaging an appropriate third party to administer the Voluntary Redress Fund would be a positive step forward; Citizen's Advice Bureaus could be well placed to provide this service/function and do consider the unique local knowledge regarding fuel poverty and hardship issues that Local Authorities could lend to the targeting of the fund

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?

The advantages, disadvantages risks and costs associated with this option are well articulated in the consultation document. The limitations being acknowledged in the document suggest that engaging a Third party to manage the Redress Fund is the most constructive way forward.

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?

The advantages, disadvantages risks and costs associated with this option are well articulated in the consultation document. The limitations being acknowledged in the document suggest that engaging a Third party to manage the Redress Fund is the most constructive way forward.

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?

The advantages set out in the consultation document are convincing and provide a clear way forward for the distribution of the Voluntary Redress Fund in the future.

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

If the cost of administering the fund can be covered by investing the yet to be allocated money in the fund then this is the clear way forward.

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

If the decision is to engage a third party to administer the Redress Payments, then that contractor should be enabled to implement their brief fully within the guiding principles set out by Ofgem. Allowing the company making the redress payment to have an input into the approval of recipients under this option could compromise or unduly influence the proper and independent operation of this option.

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

An option to ensure that smaller potential applicants can bid is to perhaps set aside/ring-fence a proportion of the redress funding for specific community programmes similar to the way that Big Lottery operated. In addition to its mainstream programmes Big Lottery offered some specific easier to apply for but still very targeted resources with a value of up to £XXXX

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?

The advantages and limitations set out in the consultation document regarding the Variation on Option 2 reinforce that engaging a third party to be responsible for managing the redress allocation as the most obvious way forward.

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

The advantages and limitations set out in the consultation document regarding the Variation on Option 2 reinforce that engaging a third party to be responsible for managing the redress allocation as the most obvious way forward making this question redundant.

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?

Using part of the Voluntary Redress Fund to support specific schemes should be considered particularly as an option to ensure that smaller potential applicants can bid. An approach to operating such a resource is to perhaps set aside/ring-fence a proportion of the redress funding for specific community programmes similar to the way that Big Lottery operated. In addition to its mainstream programmes Big Lottery offered some specific easier to apply for but still very targeted resources with a value of up to £XXXX

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

Engaging a third party - the advantages, disadvantages risks and costs associated with this option are well articulated in the consultation document and convincing as the best option to go forward.

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).

N/A