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Submitted via email to: FutureRetailRegulation@ofgem.gov.uk

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Standards of Conduct for suppliers in the retail energy market statutory consultation

Dear Andrew,

Energy UK is the trade association for the energy industry. We represent over 90 members made up of generators and gas and electricity suppliers of all kinds and sizes as well as other businesses operating in the energy industry. Together our members generate more than 90 per cent of the UK's total electricity output, supplying more than 26 million homes and investing in 2012 more than £11 billion in the British economy.

Energy UK strongly believes in promoting competitive energy markets that produce good outcomes for consumers. In this context, we are committed to working with Government, regulators, consumer groups and our members to develop reforms which enhance consumer trust and effective engagement. At the same time, Energy UK believes in a stable and predictable regulatory regime that fosters innovation, market entry and growth, bringing benefits to consumers and helping provide the certainty that is needed to encourage investment and enhance the competitiveness of the UK economy.

These high-level principles underpin Energy UK's response to Ofgem's statutory consultation on Standards of Conduct for suppliers in the retail energy market. This is a high-level industry view; Energy UK's members may hold different views on particular issues. We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

Energy UK response

Energy UK welcomes the publication of Ofgem's statutory consultation on Standards of Conduct for suppliers in the retail energy market. The way customers interact with the market is evolving, and suppliers are responding to the demand for more flexible and innovative services and products. At the same time new and different suppliers are entering the market, and transformative technology and industry system changes are being introduced. Energy UK welcomes Ofgem's ambition to develop a regulatory framework which supports these changes.

EUK supports the move towards Principles-Based Regulation (PBR) and in particular agrees with Ofgem's proposal to introduce vulnerability into the Standards of Conduct for domestic suppliers. It is right that suppliers take accountability for protecting and empowering consumers in vulnerable situations, from frontline customer advisors to senior management and boards.

Energy UK believes that a move towards PBR can bring significant benefits to both consumers and suppliers. In order for these benefits to be realised PBR must be operationalised in line with the following guiding principles in mind:

- Communication
- Trust
- Flexibility

- Clarity and consistency
- Collaboration

In the consultation, Ofgem reaffirmed their commitment to reviewing its Enforcement Guidelines. Energy UK would encourage Ofgem to consider including its wider approach to the management of potential compliance issues under the scope of this review. This is to help ensure industry has significant regulatory certainty as they navigate towards principles-based regulation.

Energy UK has been encouraged by the collaborative approach that Ofgem have taken throughout the process of consulting on the updated Standards of Conduct. Getting early sight of Ofgem's thinking in a working paper was a positive step and Energy UK would welcome such an approach being used again in future.

I hope you find our comments helpful, should you require any more information please do not hesitate to contact me directly on 0207 747 2931 or at cathal.mcsweeney@energy-uk.org.uk .

Yours sincerely,

Cathal McSweeney
Policy Manager