



Annette Lovell
Ofgem
9 Millbank
London
SW1P 3GE

15 May 2003

Dear Annette,

INVESTIGATION INTO COMPLIANCE OF BRITISH GAS

energywatch warmly welcomes this investigation and the continuing steps Ofgem is taking towards implementing a compliance agenda. We are especially pleased that the initial referrals from **energywatch** have been acted upon by Ofgem. We believe that this investigation demonstrates just how well both organisations can work together in a complementary way.

energywatch is satisfied with the outcome of the investigation. We expect that the fine, and any rectification costs incurred as a result of securing compliance, will come directly from British Gas profits and not be passed on to their customers. We still believe that Ofgem should insist that those consumers badly affected by any licence breach, be compensated properly as part of any punitive action. Currently fines are paid into the Consolidated Fund and offer consumers no financial redress.

energywatch believes that this investigation and resulting fine will reinforce the message that where malpractice continues, Ofgem will not hesitate to use all its powers to investigate and penalise to the fullest.

Yours sincerely,

Lesley Davies
Director Policy & Research