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Dear Katie

**Third Party Intermediaries: Exploration of market issues and options**

I am writing on behalf of the Major Energy Users' Council (MEUC) which is an independent consumer led body representing the interests of a large number of industrial, commercial, retail and public sector organizations many of who have multi-site operations and for which the use of electricity and gas is a significant factor in their operations' costs.

The Major Energy Users Council welcomes the work being carried out by Ofgem into the role of TPIs and this opportunity of providing customers' views on the proposals.

Having had the opportunity to express my views as one of the few consumer representatives on the workgroup I believe they may be already known, however I will try to repeat them in response to the specific questions in the consultation.

I should begin by commenting on the relevance of this work. Despite it being well known across the industry that Ofgem are carrying out this review our members are still reporting that they are on a daily basis receiving calls with the promise "I can save you money on your energy bill and it won't cost you anything", which would suggest that this work is of extreme importance.

*Question 1: Do you agree with the scope and range of TPIs operating in the energy market, from the information provided? Do you have any further views on this?*

Yes I do agree with the scope and range, I believe it should be "all embracing" and relate to all activities relevant to a TPI in the relationship between a customer and their supplier. The code being developed needs to recognise the difference in size of a TPI and not eliminate the smaller "one man bands" who provide a valuable and valued service to their clients.

*Question 2: Do you consider our understanding of consumers' experience of TPIs in the retail market is accurate?*

Yes I do believe your understanding to be accurate.

*Question 3: Do you have further evidence to share regarding consumers' experience of TPIs in the retail energy market?*

The only evidence I have is that which I quoted at the beginning regarding saving at no cost. Linked to this is what can only be described as nuisance repeat calls from the same TPIs having already been told that their services are not required. One member with multiple sites reports receiving five or six such calls each day.

*Question 4: What are your views on the existing regulatory measure applying to TPIs?*

I believe them to be inadequate and irrelevant.

*Question 5: Do you consider the current formulation of SLC 25 may be acting as a barrier to the development of more face-to-face multi-party activity?*

I do not believe they are preventing TPIs who are contracted to a customer from dealing with the supplier on their behalf.

*Question 6: What are your views concerning our near term work to mitigate consumer harm and promote trust in the TPI market?*

I believe they are insufficient and are having little or no impact, hence my earlier comment about current activity in the market.

*Question 7: Are there any further areas we should consider in the near term?*

I welcome the work that has been carried out to date on the Code of Practice, however it is imperative that the process is continued to develop the full system including registration, performance monitoring, complaints process, complaints investigation, appeals process, penalties and compensation.

I am pleased to read that you will be looking into collective switching among other such schemes. Although the concept may be good it does raise a number of questions around fairness and competitiveness.

*Question 8: What are your views on the potential wider scope of third party opportunities as a result of energy market developments?*

I think you have identified the key potential developments in the role for TPIs in the future market. The roles linked to demand reduction must develop quickly with the Government's emphasis on energy audits, electricity demand reduction and capacity auctions, with the dual requirements of overall demand reduction and peak lopping both key.

*Question 9: Have we captured the full range of 'regulatory' options available?*

Yes.

*Question 10: Do you agree with the implications of regulatory change into the TPI market?*

Yes I believe that you have identified the implications linked to change.

When reading the consultation and making notes for my response I made the following against each proposal for the regulatory options,

*Option 1 - Maintain the status quo - a non-starter.*

*Option 1 (we appear to have two) – Issue guidance - very weak.*

*Option 2 – Code of Practice, light approach to sanctions – meaningless without real penalties.*

*Option 3 – Voluntary code of Practice, strict accreditation - Almost a 'tick-box' approach.*

*Option 4 – Code of practice with Standard Licence Condition - Not an issue for SLC 25, not all TPIs have any contractual relationship with the supplier.*

*Option 5 – Direct regulation of TPIs in the energy sector - The only sensible option and approach.*

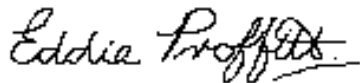
So in summary MEUC support the initiatives Ofgem are taking in relationship to the involvement of Third Party Intermediaries' in the gas market. We support full regulation of

TPIs, however we do remain concerned at the suggestion that this could lead to increased cost and in turn could remove some smaller players from the market. As previously said we must do everything we can to protect the service provided by these players who, because of their limited number of clients, are able to offer a far more personal service. We must not force them to join representative bodies charging thousands of pounds for membership in order to qualify for the Code of Practice.

I believe that the registration, monitoring and control related to the Code of Practice should have a role for all stakeholders and not be left to one sector of the market to implement and administer.

This submission is not confidential.

Yours truly,



Eddie Proffitt