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Dear Neil

Revised licence conditions: customer information, debt blocking and sales & marketing

Consumer Focus campaigns for a fair deal on behalf of consumers. We do this through research, policy, analysis, lobbying and by working with policy makers, providers and others who can make a difference to consumers' lives. We have a special remit to represent the interests of disadvantaged and vulnerable consumers.

Debt Blocking: SLC 14 and 23

Consumer Focus is pleased that Ofgem have committed themselves to modifying and implementing additions to licence condition 14, specifically sub-clauses 14.7, 8 and 9. We look forward to their introduction in late 2009.

With reference to sub-clause 6 of licence condition 14, Consumer Focus retains concerns regarding the proposed limit of £200. We previously raised our concern – in our response to the Probe – that this figure may not be adequate in addressing the historically low number of consumers who have taken advantage of the Debt Assignment Protocol (DAP). Given current estimates for the average electricity debt put the figure at £236,¹ and in light of Ofgem's admission that they have no evidence to suggest this figure will work, we have seen little to ease these concerns. Hence, our call for Ofgem to commit to a thorough review of the DAP, one which will investigate the possibility of extending it to those consumers on standard credit and flexible payment methods.

Consumer Focus welcomes Ofgem's amendments to sub-clauses 7 and 8 of licence condition 14, the removal of the ability to prevent customers switching where there has been an error on the part of the supplier is long overdue. Furthermore, with regards to this amendment, we would like to see detail on how it will be implemented by suppliers in a manner which is both workable with their IT systems (given suppliers' concerns at the round table discussion) and beneficial to consumers.

1

http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/SoObMonitor/Documents1/External_report_Q3_2008.pdf

We are likewise pleased with the introduction – within sub-clause 9 of licence condition 14 – of a requirement on suppliers to provide debt, tariff and energy efficiency advice to consumers at the point of objection. This is something we have long advocated for and feel that it might go some way to fostering a relationship of trust between the consumer and the supplier.

Consumer Focus is content with the modification to licence condition 23.4 (a) to include advance notification. However we remain concerned about the continuation of the 65 day notice period for the reasons outlined in our March response on SLC23, particularly in relation to consumers in debt who will be debt blocked. Ofgem should therefore include within 23.4(d) a requirement for suppliers to provide information about the Debt Assignment Protocol in the 23.3(b) Notice.

Consumer Focus welcomes the increase from 10 to 20 days within sub-clause 6 of licence condition 23. Whilst we would have preferred an even greater increase, particularly in light of the retention of the 65 day clause, we recognise that 20 days represents a far more constructive timeframe – within which consumers might find a favourable tariff – than the current 10 days. However it is worth noting that proposals, as they currently stand, remain heavily weighted in favour of the supplier.

Marketing electricity to domestic customers: SLC 25

Consumer Focus welcomes Ofgem's commitment to implementing amendments to licence condition 25 which aims to improve suppliers' sales and marketing practices. As we have stated previously, there is little evidence that the energy industry is capable of satisfactorily self regulating in relation to marketing and have raised concerns about the effectiveness of the EnergySure Code.

Whilst we of course welcome the insertion of 'telesales activities' to the high level objective of licence condition 25, having lobbied strongly for its inclusion, we remain deeply concerned that the protections provided on face to face marketing are not extended fully to telesales, or other, sales channels. There remains, therefore, an obvious danger that the poor practices which we are attempting to eradicate in doorstep sales will simply transfer to other marketing channels. We would be pleased to hear what action Ofgem intends to take to monitor this to ensure these fears are not realised.

With regard to licence condition 25.6, sub-clause (a) and (b), Consumer Focus welcomes Ofgem's stance that suppliers must provide a written quotation to the Domestic Customer giving an estimate of the total annual charges based on annual consumption or the best possible estimate. We are, however, mindful that no specific timeframe has been set, other than the 14 days stated in Condition 25.13; we would welcome a 7 day time limit, which is in conjunction with Government's 7 day cooling off period, and would therefore allow the customer to seek independent information.

Information: SCL 31A

Consumer Focus welcomes the introduction of a new licence condition on information and the annual statement. We are broadly content with the proposals with one notable exception: licence condition 31.A.3 (c)(i) should include not only the quantity of electricity consumed, it should show the charges associated with this. Furthermore, a reconciliation of charges against payments should be included to give the consumer an indication of the status of their electricity account. Most consumers are more comfortable dealing in monetary terms, rather than kWhs, and cost is a larger driver of consumer behaviour, as per Ofgem's own research recognising the need for average costs.²

I hope you find these comments helpful. Should you have any questions about this response please contact my colleague Hannah Mummery via email; Hannah.Mummery@consumerfocus.org.uk or call her on 020 7799 7972.

Yours sincerely,



Audrey Gallacher
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²<http://www.ofgem.gov.uk/Consumers/CF/Documents1/billing%20information%20metrics%20FINAL090409.pdf> page 9.