

13 July 2009

Neil Barnes
Ofgem
9 Millbank
London
SW1P 3GE

Dear Neil,

Addressing undue discrimination – Decision document

Consumer Focus campaigns for a fair deal for 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.

Consumer Focus is very pleased that Ofgem has committed to implementing Licence Conditions A and B. We look forward to their introduction in August.

We are particularly pleased that Ofgem has taken the view that the effects on competition of an introduction of the Licence Conditions are “ambiguous” and that they have placed particular importance on the need to have regard to the interests of vulnerable consumers. Consumer Focus supports the introduction of Licence Conditions to address undue discrimination because the existing model of competition has not benefited all customers, although we need to see how the proposals work in practice and be sensitive to any unintended consequences.

Consumer Focus is happy that Ofgem has responded to the concerns we voiced in the previous consultation exercise, namely on the sunset clause for Licence Condition B and general market monitoring. We will look to play a full and constructive part in any review of Licence Condition B and also hope that Ofgem will collect specific cost information from the energy suppliers on a proactive basis.

Consumer Focus is content to allow Ofgem to remove references to compensation for consumers from the enforcement procedure. However, we, as well as Ofgem, believe that it is perfectly sensible to treat the fast and meaningful recompense of consumers as a mitigating factor when assessing any possible penalty imposed. Anything which addresses a consumer grievance quickly should be acknowledged appropriately.

We also believe that Ofgem's approach to the status of the guidelines, objective justification, draft Licence Condition A and scope of the application of Licence Condition B are appropriate and Ofgem should proceed quickly with this course.

I hope these comments are helpful. My colleague, Cem Suleyman, would be pleased to follow them up with you either in person or via telephone/email (cem.suleyman@consumerfocus.org.uk; 0207 799 7932).

Yours sincerely,



Robert Hammond
Head of Regulated Industries