

12 July 2011

Meghna Tewari  
Senior Economist, Retail Market  
Ofgem  
9 Millbank  
London SW1P 3GE

Dear Meghna,

**Consumer Focus response to Ofgem consultation on draft guidance on sub paragraphs 3 (a) and (b) of Standard Licence Condition 23 of the gas and electricity supply licence condition (SLC 23).**

Consumer Focus is the independent champion for consumers across England, Wales, Scotland, and for postal consumers in Northern Ireland. We operate across the whole of the economy, persuading businesses and public services to put consumers at the heart of what they do.

Consumer Focus welcomes the opportunity to respond to this consultation. We support the intention to provide clarity to the provisions within the definition of SLC 23, and agree with the list of 'Charges for Supply' that have been identified in the guidance. An increase in any of these charges can have a detrimental impact on consumers, and we commend the breadth of the charges that Ofgem has captured within this guidance. It is important that Ofgem is mindful of the potential for new and/or different types of charges in the future as a result of the introduction of smart meters. We recommend that this list of charges is kept under review and updated as necessary to ensure that consumer protections in this area remain robust.

Consumer Focus agrees with Ofgem's definition of '*significant disadvantage to the consumer*' and the view that 'significant disadvantage' should capture any unilateral changes to contractual terms which may leave the domestic consumer worse off than before. It is important that Ofgem maintains the current emphasis on the fact that the list of categories and examples set out within the guidance is non-exhaustive. These examples are illustrative and there will be other circumstances in which changes to terms will be of significant disadvantage to consumers, for example the introduction of late payment charges.

Furthermore, we believe it is essential that companies improve the ways in which any changes are communicated to their customers. Suppliers' price rise notification letters and emails are not sufficiently illustrative of the impact of the increase on an individual consumer. Ofgem will be aware that we reviewed suppliers' notification letters in autumn/winter 2010/11 and found that key information was not always sufficiently transparent. In our response to the Retail Market Review, we said that details should be provided that help consumers understand:

- the actual price impact on their tariff, as opposed to the standard tariff
- the increase by providing information about the percentage increase and the old and new unit rates
- the new estimated annual cost or any proposed change to monthly Direct Debit rates

We also suggested setting up a new web tool where consumers could input their annual usage and tariff name and find out the actual impact of the price rise on their household, rather than information about 'medium users' currently provided on suppliers' notification letters<sup>1</sup>. Consumers without web access could contact an independent body by telephone – either Consumer Direct or the soon to be launched Green Deal Remote Advice Line – and receive the price rise information and, if interested, information about energy efficiency and the Green Deal or how to switch to a better deal.

Best regards,

**Dhara Vyas**  
**Policy Manager - Energy Retail**

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<sup>1</sup> <http://consumerfocus.org.uk/g/4q2>