



**Response to the Utility Regulator
Third Party Intermediaries in the Retail Energy Market
consultation**

August 2018

1. Introduction

- 1.1 The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (NI) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.
- 1.2 The Consumer Council welcomes the opportunity to respond to the Utility Regulator (UR) Third Party Intermediaries (TPI) in the Retail Energy Market consultation.

2. Background

- 2.1 The Consumer Council responded to the UR Call for Evidence (CfE) in December 2017. Our response presented evidence from the research we carried out in 2017 into the experience of small businesses in the energy retail market in Northern Ireland.
- 2.2 We asked UR to consider and examine in detail the following proposals as part of the next stage of the TPI project:
 - Energy suppliers adopting a consistent approach to dealing with TPIs;
 - Energy suppliers self-regulating through voluntary TPI Codes of Practice;
 - UR regulating TPIs indirectly, for example limiting energy suppliers to operate with TPIs that comply with rules and principles agreed by the energy industry.
 - Creating a TPIs register akin to the Gas Safe Register; and
 - Investigating the feasibility and benefits of introducing a cap on TPI commissions or finders' fees.

3. Measures for consultation

3.1 We note UR is now proposing to require energy suppliers to publish TPI commissions on non-domestic consumer bills. UR also plans under a separate project to add broker information to the data that suppliers are required to submit as part of the REMM framework.

3.2 The Consumer Council is disappointed that UR falls short of our key asks in our response to the initial TPI Call for Evidence. However, we welcome the fact that the proposal to include TPIs commissions or charges in consumers' bills will increase the transparency around TPIs. Consumers being able to see how much TPIs are being paid, either by them or by the supplier, can only help them make more informed choices. This was one of the issues that The Consumer Council research into the experience of small businesses in the energy retail market in Northern Ireland¹ identified. Therefore we support the UR proposal, however, we still wish to see energy suppliers self-regulating through voluntary TPI Codes of Practice that protect the interests of non-domestic energy consumers here.

3.3 We recognise that UR's proposal is based on the evidence that UR outlined in its TPIs Position Paper², which included the following:

- Around 8.1% of all non-domestic electricity contracts in Northern Ireland being sourced through TPIs, and 4.1% for gas, much lower than in GB;
- At least 163 TPIs operate in the Northern Ireland energy market³ compared to over 1,000 in GB;
- UR has no direct legal authority over TPIs in the energy market; and
- UR is of the opinion that impositions on suppliers such as a licence modification could be subject to an appeal to the Competition Markets Authority.

¹ We ran an online survey, carried out face to face interviews with small businesses and met with all the electricity and gas suppliers in October and November 2017.

² <https://www.uregni.gov.uk/sites/uregni/files/media-files/Third%20Party%20Intermediaries%20in%20the%20Retail%20Energy%20Market%20Position%20Paper%20May%202018.pdf>

³ 25 being NI specific TPIs

- 3.4 We are aware that TPIs can charge consumers directly and that they may not inform them clearly and transparently of the commission or charges that they apply. The Consumer Council believes that non-domestic energy customers would benefit from a short statement on their bills reminding them that they may be paying a commission to TPIs and therefore we support UR's proposal to introduce this requirement on suppliers.
- 3.5 UR's proposals risk not being effective unless suppliers display TPI's fees and related information messages on non-domestic consumer bills. In our opinion the only way to ensure this is the case is if UR modifies suppliers' licences and therefore we would support this approach.

4. Conclusion

- 4.1 The Consumer Council welcomes this consultation by UR and supports the proposals as part of a holistic approach to increase consumer engagement and improve consumer protection in the small I&C market.
- 4.2 We remain concerned that a gap in legislative protection for businesses in relation to their interaction with TPIs may exist and that non-domestic consumers' right to redress may not be as effective as it could be.
- 4.3 We reiterate our disappointment that UR has fallen short of our key asks in our response to the initial TPI Call for Evidence. The Consumer Council still wishes to see the introduction of voluntary TPI Codes of Practice for energy suppliers.
- 4.4 We would like reassurances from UR that the measures it proposes will not leave Northern Ireland businesses at a disadvantage compared to non-domestic energy consumers in GB.

4.5 We reiterate our support to UR on this issue and look forward to continue working to improve the effectiveness of the retail market here and safeguard the interest of Northern Ireland energy consumers.



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