

Corin Dalby
CEO, Box Power

21 August 2023

BY EMAIL ONLY

Dear Corin,

Thank you for your letter of 24 July 2023, on behalf of Box Power and the other organisations and associations who were signatories. I understand that the volatility in the wholesale energy market has made energy in general a really pressing issue for many businesses, and that the specific issue you raise regarding Third Party Intermediaries (TPIs)/ energy brokers is a significant challenge on top of that.

My team and I in Ofgem have been engaging with the non-domestic sector extensively in recent months, including some of those organisations who were signatories to your letter. The summary of all the issues that we have heard so far is covered in our Non-Domestic Market Review, which we published on 26 July 2023.

In the Review, we recognised the important and valuable role that many brokers play in the energy market, offering useful guidance and support to businesses of all sizes to navigate the energy market and find an energy contract that best suits their circumstances.

However, we also noted that Ofgem did not currently regulate TPIs which includes energy brokers, and that there was a significant variance in the quality of support that they can offer, as well as a general lack of transparency about their fees and the commissions they charge. We have requested that government consider implementing regulation of the TPI market, and we are offering our support to do this.

The Non-Domestic Market Review as a whole made a number of proposals that we hope would improve the situation for non-domestic energy customers. Included in that package are two proposals that I believe are relevant to the points you raise in your letter, as follows:

Transparency: We are proposing rules that already require transparency for Micro Business Consumers on TPI commissions are expanded to all customers. This would be done via an expansion of SLC7A.10C which you referred to in your letter. We are also seeking views on whether to change the rules to require clearer signposting to Citizen's Advice consumer services, as there is a concern that Micro Business Consumers are not always aware of the support they can offer them, or are being excluded from this support.

Third Party Intermediary dispute resolution: At present, if a Micro Business Consumer cannot resolve a problem with their TPI, they can go to a redress scheme for help free of charge. This is because we have required suppliers securing Micro Business contracts through TPIs to only work with TPIs who are part of a qualifying redress scheme, which has led to a scheme being set up. Given that we continue to hear that business larger than Micro Business Consumers face similar issues, we are proposing to expand our current licence condition from its existing scope of Micro Business Consumers to include larger businesses. As part of this consultation we are seeking views on who would require the extra support afforded by greater access to alternative dispute resolution, if you have views on this please do get in touch. This aims to improve customer support directly, ensuring more customers have access to these redress schemes and provide greater clarity on TPI compliant resolution. This would be done by a change to SLC20.6 in the Gas supply licence and SLC20.5 in the Electricity Supply licence.

As per our statutory processes, we need to illustrate a positive impact assessment for licence and rules changes, and would value more evidence being submitted as part of our consultation.

I hope this reply addresses your concerns. To provide further feedback or share additional views, I would encourage you to contact our Non-Domestic Policy team on NonDomesticRetailPolicy@ofgem.gov.uk, who would be more than happy to work with to discuss further, either over email or with a meeting.

Yours sincerely,



Jonathan Brearley
Chief Executive