

Ofgem consultation on proposals for regulating non-domestic Third Party Intermediaries (TPIs)

Response from the Energy Intensive Users Group

The Energy Intensive Users Group (EIUG) represents energy intensive electricity and gas users in industrial sectors such as steel, chemicals, paper, mineral products, glass, ceramics and industrial gases. Companies in these sectors seek advice on energy purchasing in different ways. Some companies routinely make use of TPIs, generally brokers or consultants – others have not tended to do so to date, but may wish to do so in future – all therefore have an interest in TPIs providing clear, comprehensive and honest information to inform purchasing decisions, free from undisclosed conflict of interest.

EIUG supports Ofgem's recommendations for the regulation and governance of non-domestic TPIs.

We do not believe the status quo provides adequate safeguards for non-domestic consumers, and suspect that a voluntary code of practice would place burdens on responsible TPIs without affecting the activities of less responsible competitors. We also suspect that licensing of non-domestic TPIs, whilst providing a reliable means of ensuring good practice, could damage the TPI market by creating barriers to entry and innovation, to the potential disbenefit of consumers. We therefore support the option of placing a licence condition on suppliers only to work with TPIs accredited to the code of practice.

On governance, we support the option of an independent board responsible for code of practice (which must include industrial consumer representation) with Ofgem as the approval body. Regardless of which governance option is chosen, industrial energy users should have an opportunity to view and comment on the draft code of conduct.