Utility Regulator
First Floor
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By Email Only

15th June 2026

RE: RESPONSE TO ARTICLE 14 NOTICE AND POSITION PAPER – PROPOSED THIRD PARTY INTERMEDIARY COST DISCLOSURE AND LICENCE MODIFICATIONS

Budget Energy Ltd, Flogas Natural Gas Limited and Flogas Enterprise Solutions Limited, welcome the opportunity to respond to the Utility Regulator's (UR) consultation on proposed third party intermediary (TPI) cost disclosure licence modifications.

Budget Energy based in Derry, Northern Ireland, serves over 120,000 customers, while Flogas NI and Flogas Enterprise Solutions contribute significantly to energy provision across the region. These three entities are part of Flogas Energy and operate under DCC plc Group, with a portfolio of renewable energy generation, including solar, wind, and anaerobic digestion. For this response, we shall collectively refer to the group as Flogas and Budget Energy.

While we support transparency for non-domestic customers, the proposed approach places regulatory obligations and a burden on suppliers to address concerns associated with a separate market participant group over which the Utility Regulator does not have direct regulatory jurisdiction or oversight. In our view, the evidence does not demonstrate that imposing additional licence obligations on suppliers is the most effective or proportionate means of addressing the issues identified.

We support Measure 1, in the development, publication and promotion of relevant Retail TPI information on the Utility Regulators website and believe its effectiveness would be strengthened through supplier oversight and involvement. Suppliers are very often a key point of contact for customers during contract negotiations and renewals and are therefore well placed to promote awareness of TPI guidance. Greater supplier involvement would help address gaps in consumer understanding, improve transparency around TPI practices and promote consistent messaging across the market.

However, we do not support the proposed licence modifications and do not believe the Utility Regulator has demonstrated that the proposal is necessary, proportionate, evidence-based, or capable of achieving its stated objectives. Before imposing licence changes, the UR should assess whether Measure 1 improves transparency and customer awareness.

1. **Lack of Evidence of Consumer Harm**

The Position Paper does not establish a sufficient evidential basis which demonstrates that the proposed licence modification is appropriate in addressing consumer detriment.
Although concerns regarding transparency have been raised during stakeholder engagement, the Utility Regulator has not published evidence showing:

- systemic customer harm attributable to supplier-processed third-party costs;
- a material volume of complaints linked to undisclosed commissions;
- evidence that disclosure on Terms and Conditions would materially improve customer outcomes; or
- evidence that customers are unable to obtain relevant information through existing contractual and commercial arrangements.

Regulatory intervention should be evidence-led and proportionate. The consultation does not demonstrate that this has been met.

2. **Regulatory Inconsistency with Previous Conclusions**

The Utility Regulator previously considered commission disclosure requirements and concluded in 2018 that such an obligation should not be implemented because of identified risks and practical concerns. The current proposal appears to revisit substantially the same issue without presenting new evidence explaining why those concerns no longer apply.

The Position Paper does not provide this analysis. In the absence of a clear explanation for this policy change, stakeholders may reasonably question whether the evidential basis for regulatory intervention has been met.

3. **Risk of Misleading Customers**

The proposed disclosure regime risks creating customer confusion rather than transparency.
Third-party remuneration structures vary significantly across the market and may include:

- fixed fees;
- commission arrangements;
- consultancy services;
- procurement services; and
- wider energy management offerings.

Presenting a "Third Party Cost" figure may encourage customers to compare transactions that are not equivalent and may imply that the disclosed amount represents the entirety of a broker's fee when it may not.

This creates a significant risk that customers receive incomplete or misleading information despite the intention of improving transparency.

4. **Suppliers Do Not Hold Complete Information**

The proposal assumes suppliers possess accurate and complete information regarding third-party remuneration.

In practice, suppliers generally only have visibility of payments processed through supplier systems. They do not necessarily have visibility of:

- Fees charged directly by TPIs to customers;
- Consultancy retainers or advisory fees;
- Group or affiliate arrangements;
- Subcontractor or outsourced sales fees;
- Payments made to field sales representatives employed or engaged by brokers; or
- Other commercial arrangements that exist outside supplier contractual or payment processes

As a result, suppliers cannot provide a complete picture of total TPI remuneration. There is a significant risk that customers may incorrectly interpret supplier disclosures as representing the entirety of broker remuneration when they reflect only the element known to the supplier. Customers may challenge disclosed amounts that suppliers cannot substantiate or reconcile with broker-provided information.

The proposal also raises practical challenges regarding the disclosure of commission arrangements through customer terms and conditions. Many brokers employ front-line sales teams, subcontractors, or third-party representatives whose fee structures are commercially sensitive and may vary across customers, products and contractual arrangements. Suppliers are neither party to, nor aware of, these arrangements and therefore cannot accurately disclose them.

The proposed licence condition therefore risks creating a disclosure that is inherently incomplete and potentially misleading, while placing responsibility on suppliers for information they do not possess or control. Suppliers become accountable for disclosures but cannot verify all information. The licence condition could require suppliers to disclose figures they reasonably believe are incomplete.

A more proportionate approach would be to include a generic statement within supplier documentation advising customers that a broker or intermediary may receive fees, commissions or other forms of remuneration in connection with the contract and that customers should contact their broker directly for details of any remuneration arrangements applicable to their agreement.

5. Competitive Distortion

The proposal imposes new compliance obligations on suppliers while leaving TPIs outside direct regulation.

This creates a framework whereby suppliers bear regulatory responsibility for transparency obligations concerning commercial arrangements entered by third parties. If transparency is considered necessary, obligations should apply directly to the TPIs rather than indirectly through suppliers.

The proposal may also have unintended consequences for market engagement. Increased disclosure obligations, customer disputes regarding disclosed figures, and uncertainty regarding the completeness of information may discourage suppliers from engaging with TPIs or reduce the number of TPIs willing to operate within the market.

Given the important role TPIs play in facilitating customer engagement, particularly for small and medium-sized non-domestic customers, any reduction in TPI participation could reduce customer access to market information and switching opportunities. This could ultimately weaken competition and customer choice within the Northern Ireland energy market.

The proposal therefore risks distorting competition and creating inconsistent transparency standards across suppliers.

6. Administrative Burden and Implementation Risk

The Position Paper does not provide a detailed assessment of implementation costs.

Suppliers will be required to:

- redesign systems, sign up journeys and terms & conditions documentation;
- establish new reporting and verification processes;
- manage disputes regarding disclosed amounts;
- maintain historical records; and
- respond to customer information requests.
- Implement ongoing governance and compliance monitoring arrangements.

The administrative burden is likely to be significant relative to the uncertain consumer benefit identified in the consultation. Additional resource requirements are likely to include dedicated compliance, operational and sales support, creating additional cost pressures for suppliers.

There is also a risk that suppliers may seek to reduce reliance on TPI channels in order to minimise compliance risk and administrative complexity. Such an outcome would be contrary to the objective of promoting customer engagement and could reduce competitive activity within the market.

7. Alternative and More Proportionate Approaches

If the Utility Regulator remains concerned regarding transparency, more proportionate approaches should be considered before introducing licence modifications, including:

- voluntary industry transparency standards;
- standardised broker disclosure templates;
- enhanced customer guidance;
- Voluntary Code of Practice for brokers and TPIs
- market monitoring and information gathering directly from brokers; and
- coordination with government regarding any future direct regulation of TPIs.

In addition, as outlined above, suppliers could include a standard statement within customer-facing documentation advising that brokers or intermediaries may receive fees, commissions or other forms of remuneration in connection with the contract and directing customers to their broker for details of any remuneration arrangements applicable to their agreement.

This would improve customer awareness without creating a potentially incomplete or misleading disclosure regime based on information that suppliers do not possess or control.

These approaches would target the underlying issue more directly while avoiding disproportionate burdens on suppliers.

Conclusion
We remain supportive of transparency and informed customer choice. However, the proposed licence modifications have not been supported by sufficient evidence of consumer detriment, do not adequately address practical implementation challenges and risk creating incomplete or misleading disclosures.

Accordingly, we urge the Utility Regulator not to proceed with the proposed licence modifications. Instead, the Utility Regulator should undertake further evidence gathering, assess the effectiveness of enhanced awareness measures under Measure 1 and consider alternative approaches that target transparency concerns more directly without imposing disproportionate obligations on suppliers.

Kind Regards,

Emma Martin
Regulation and Compliance Manager NI
on behalf of
Budget Energy Ltd
Flogas Natural Gas Limited
Flogas Enterprise Solutions Limited