Share Energy’s Response to Proposed Licence Modifications – Third Party Intermediaries in the Energy Market

Introduction

Share Energy welcomes the opportunity to respond to the Utility Regulators’ proposed modifications to electricity supply licences relating to Third Party Intermediaries (TPIs) and Non-Domestic Customers.

We support the Utility regulators’ objective of improving transparency for non-domestic customers and recognise the importance of ensuring that customers can make informed decisions when entering electricity supply contracts. Transparency and customer confidence are important components of a well-functioning competitive market.

While we support the overall policy intent, we believe there are several practical, commercial and implementation considerations that require further clarification before the proposed licence modifications take effect.

Points for Consideration

We recognise the Utility Regulators’ desire to improve transparency around intermediary costs and to ensure that non-domestic customers are provided with sufficient information to evaluate competing energy offers.

However, the proposed framework introduces several challenges for suppliers, including:

- Disclosure of commercially sensitive commission arrangements.
- Additional operational and compliance burdens.
- Increased risk of disputes and complaints.
- Potential accountability for the actions of independent TPIs that are not regulated by the Utility Regulator; and
- The need for system, process, and contractual changes within a relatively short implementation timeframe.

We encourage the Utility Regulator to consider these issues carefully when finalising the proposed licence modifications.

Comments on the Proposed Licence Amendments

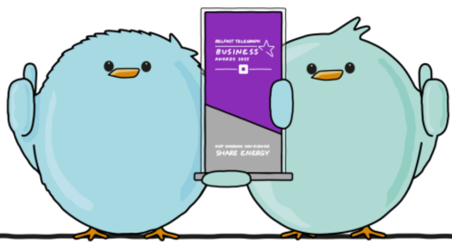
1. Definition of Third-Party Intermediary Costs

We acknowledge the Utility Regulators’ proposal to introduce new definitions relating to Non-Domestic Contracts, Third Party Intermediaries and Third-Party Intermediary Costs.

However, we are concerned that the proposed definition of Third-Party Intermediary Costs may create uncertainty regarding which costs fall within scope, particularly where costs are indirectly recovered through pricing structures.

Additional guidance would assist suppliers in applying the requirements consistently and reduce the risk of differing interpretations across the market.

We recommend that the Utility Regulator provides further clarification and practical examples illustrating:



Share Energy Trading Ltd.,
Registered Office: Catalyst Inc., Bay Road, Derry/Londonderry, Northern Ireland, BT48 7TG.
E. hello@share-energy.com | **T.** 0808 304 9870 | **VAT No.:** 423 4820 17 | **Company No.:** NI690170
share-energy.com

- What constitutes a cost that is "indirectly passed on to and recovered from" a customer.
- How suppliers should treat blended pricing arrangements.
- The treatment of non-monetary benefits or incentives; and
- The treatment of historic or deferred commission arrangements.

2. Inclusion of TPI Costs as a Principal Term

We understand the Utility Regulators' rationale for including Third Party Intermediary Costs within the definition of Principal Terms.

Customers should have access to information that may materially influence their purchasing decisions. However, we are concerned that making TPI costs a Principal Term may increase the likelihood of customer disputes where customers subsequently question intermediary remuneration or seek to challenge contractual arrangements after contract commencement.

We recommend that the Utility Regulator provides clear guidance regarding the level of detail required to satisfy the obligation to explain and draw attention to these costs.

3. Commercial Confidentiality

One of our principal concerns relates to the disclosure of commercially sensitive information.

Broker commission arrangements and intermediary remuneration structures often form part of suppliers' commercial strategies and negotiations. Requiring detailed disclosure of such information may reveal commercially confidential arrangements and could adversely affect competition within the market.

While we support customer transparency, we encourage the Utility Regulator to consider whether the policy objectives can be achieved through disclosure of customer-relevant cost information without requiring disclosure of commercially sensitive details that could undermine competitive dynamics or commercial negotiations.

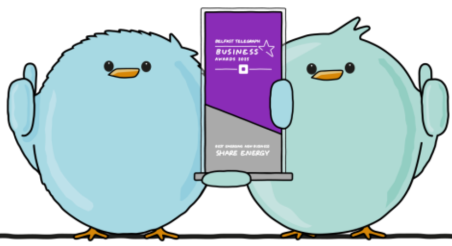
4. Operational and System Impacts

The proposed requirements may necessitate changes to supplier systems, processes, and customer communications.

In particular, suppliers may need to: may need to:

- Develop frameworks to calculate and allocate Third Party Intermediary Costs.
- Modify pricing and quotation systems.
- Update contract documentation and customer communications.
- Introduce new compliance controls and monitoring arrangements.
- Maintain supporting records and audit trails; and
- Deliver training to customer-facing staff.

These changes will involve implementation costs as well as ongoing operational expenditure. We encourage the Utility Regulator to undertake a full assessment of the costs associated with implementation across the market.



5. Supplier Accountability for Independent Third Parties

We are concerned that the proposed framework places significant obligations on suppliers in relation to information associated with independent brokers and intermediaries whose conduct, sales practices and charging structures may not be fully within the supplier's control.

Unlike licensed suppliers, Third Party Intermediaries (TPIs) are not directly regulated by the Utility Regulator and are therefore not subject to equivalent regulatory obligations, standards of conduct or enforcement mechanisms. However, the proposed licence modifications place responsibility on suppliers to disclose and explain TPI-related costs, creating a situation where suppliers may be held accountable for information, practices or arrangements that originate with independent third parties.

This creates a potential imbalance within the proposed framework whereby the regulatory obligations and associated compliance risks rest solely with licensed suppliers, despite TPIs playing a significant role in customer acquisition, contract negotiation, and commission arrangements.

We therefore encourage the Utility Regulator to consider whether additional measures are required to improve accountability and standards across the TPI sector. This could include the introduction of a voluntary or mandatory code of practice for TPIs operating within the Northern Ireland energy market, setting minimum standards relating to transparency, customer communications, record keeping, and disclosure of remuneration arrangements.

Alternatively, where suppliers are required to provide disclosures based on information supplied by TPIs, the Utility Regulator should consider limiting supplier liability where the supplier has reasonably relied upon information provided by the relevant TPI and has taken appropriate steps to verify its accuracy.

Such measures would help ensure that accountability is shared appropriately across all parties involved in the customer journey, while supporting the Utility Regulators' objective of improving transparency and consumer protection.

6. Risk of Customer Complaints and Disputes

While increased transparency is intended to benefit customers, there is a risk that disclosure of intermediary costs may create unintended customer confusion, particularly where customers do not fully understand the role of TPIs in the procurement process.

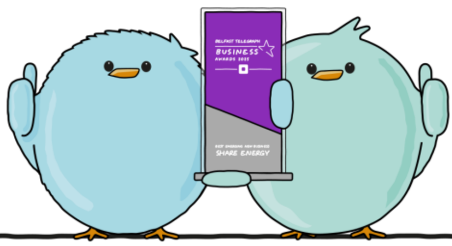
Making TPI costs a Principal Term may also increase the likelihood of customer disputes, complaints, and retrospective challenges to contracts where customers subsequently question the value provided by intermediaries.

We recommend that the Utility Regulator considers developing standardised disclosure guidance or templates to promote consistency across the market and minimise the risk of misunderstanding.

7. Impact on Third Party Intermediary Sales Channels

Third Party Intermediaries play a key role in facilitating customer engagement and supporting competition within the non-domestic energy market.

Greater visibility of commissions and intermediary remuneration may alter customer perceptions of the value provided by TPIs and could impact the viability of some broker-led sales channels.



There is also a risk that increased pressure on intermediary remuneration models could create unintended consequences within the market, including changes to sales behaviours or commission structures.

We encourage the Utility Regulator to consider these potential market impacts as part of its final assessment.

8. Contractual Arrangements with TPIs

The proposed modifications highlight the importance of robust contractual arrangements between suppliers and TPIs.

Where formal agreements are not currently in place, suppliers may require sufficient time to establish contractual frameworks governing:

- Information sharing requirements.
- Disclosure obligations.
- Compliance responsibilities.
- Audit rights.
- Commission arrangements; and
- Record retention requirements.

We believe that formalising supplier-TPI relationships will be a key component of successful implementation of the proposed requirements.

9. Implementation Timeline

The proposed implementation date of 16th November 2026 may present challenges given the system, process, contractual and training changes likely to be required.

Suppliers may require additional time to:

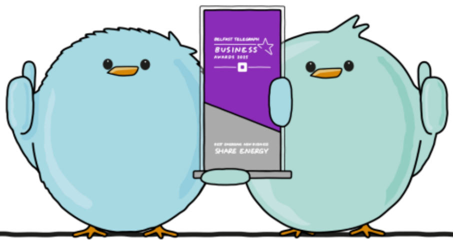
- Design and implement system changes.
- Develop new customer communications.
- Train staff.
- Establish contractual arrangements with TPIs.
- Implement compliance monitoring processes; and
- Undertake testing and assurance activities.

We therefore encourage the Utility Regulator to consider whether additional implementation time, a phased introduction, or a transitional period may be appropriate.

At a minimum, suppliers would benefit from detailed guidance and confirmation of final licence requirements sufficiently in advance of implementation to allow adequate preparation and compliance.

Conclusion

Share Energy supports the Utility Regulators' objective of increasing transparency for non-domestic customers and recognises the benefits of enabling customers to make informed decisions when entering electricity supply contracts.



However, we believe further consideration should be given to the practical implementation of the proposals, including:

- The treatment of commercially sensitive information.
- Clarification of the scope of Third-Party Intermediary Costs.
- Supplier accountability for independent TPIs.
- The introduction of minimum standards or a code of practice for TPIs.
- Limiting supplier liability where disclosures rely on information supplied by TPIs.
- The operational and compliance impacts on suppliers; and
- The proposed implementation timetable.

We would welcome continued engagement with the Utility Regulator as these proposals are developed and implemented and remain committed to supporting measures that improve customer transparency while maintaining a competitive and efficient market.

For any questions relating to this response, please contact Grace Cooper by email at grace.cooper@share-energy.com or by telephone on 0808 304 9870.