

# BJG CONSULTANCY LTD

## RESPONSE TO TPI IN THE RETAIL ENERGY MARKET UR CONSULTATION

### JULY 2018

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#### INTRODUCTION

- We have brokered in the Energy market in NI for just over 4 years.
- We have built strong relationships with a very diversified set of business customers from large to small Energy users. Our business retention rates are over 90% due to the transparent nature by which we operate.
- We believe we offer an essential set of services that allow business owners to have a clear understanding of the energy market in NI. Indeed we have testimonials confirming that we represent value for money for our clients as they see us driving competition between Energy suppliers and thus reducing prices paid. Surely this is the fundamental criteria that The Utility regulator should endorse and support.
- Many NI Energy suppliers contact their customers on a sporadic and in some cases very limited basis, we have businesses that state they have never spoken to anyone from their Energy supplier and as a result have no idea on pricing, contracts, the current market, offers etc.
- As a TPI/Broker that does the work with integrity we have clearly demonstrated the need for our services. We do understand that this has not always been the case with other so called TPI/Brokers.
- However we feel strongly that we should not suffer due to the failings of others within the TPI/Broker market in NI.
- We also fully agree with some degree of regulation/compliance to ensure that the Businesses we represent do indeed get the right advice from all TPI's/Brokers. However we do not believe that we should have to have any commission published when the Energy Suppliers themselves do not do this. We have sought legal advice and have confirmation that any changes should not be applied to just some stakeholders in the process and not all.
- We would request that all cases of bad practice that the UR has seen been divulged and also a list of all known TPI's/Brokers in NI market be compiled.
- This could easily be put together with a simple request to each Energy Supplier to furnish UR with all TPI'S/Rokers they work with.
- There should then be a charter or framework put together by all stakeholders, UR/ENERGY SUPPLIERS/TPI'S/SELECTED BUSINESS GROUP to establish clear entry requirements and operating guidelines that should apply for all, Not just selected parts of the system.
- As you are aware we have requested a meeting with UR on several occasions and been told there was no resource in place to have these meetings due to demand.

- We feel it essential that a meeting should be scheduled as a matter of urgency to allow a proper set of entry criteria and operating criteria be discussed to allow the TPI/BROKER market to grow in NI.
- We have listed a few case studies below that clearly demonstrate the need,value and continuing requirement for a well run And transparent TPI/BROKER MARKET.

## CASE STUDIES TO SUPPORT ROLE OF TPI's/Brokers in NI Energy Market

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### CASE STUDY 1

We recently had a customer with several sites they bought as their business grew, all sites were with different Energy Suppliers and as a result different contracts/tariffs and Contract end dates applied

We engaged with this customer at the request of a neighbouring business(that we already managed) to look at all their sites. We found that in their largest site the contracted rates they had signed had not been auctioned and they had been on out of contract rates for 4 months. We spoke to the Energy supplier who admitted a system error and they applied the proper rates and the customer was given a credit of over £9500.00.

Without our knowledge and intervention this situation could have remained unchecked and the customer would have been paying substantially more than they should have.

We then carried out a review of all sites and secured a new contract with a start and end date the was the same.

We currently manage all their billing and do a quarterly review to look at ways to improve their energy efficiency.

We have subsequently introduced them to an energy efficiency scheme and they have received grants to allow their business to grow. They were previously unaware that such schemes were available to them until our engagement.

## **CASE STUDY 2**

One of our biggest consuming businesses sought our advice on whether to fix or float their renewal contracts. Their existing supplier informed them that they were not able to offer a fixed pricing offer only variable. The customer felt obliged to renew on a variable rate until we informed them that there still were suppliers offering a fixed rate price.

Their current Energy supplier indicated that they thought no one was offering fixed pricing at the moment they were renewing (this was not true)

We renewed on fixed price offer in April 2018 with another supplier and as a result of our services and advice the monthly saving from April until now is circa £4900.00

As we are sure you are aware the current market is at an all time high and still rising, if this customer had taken their incumbent supplier's advice only they would be paying heavily for this now.

## **CASE STUDY 3**

We have managed a large manufacturing plant for just under 4 years as the facilities manager admitted he had no time to look at Energy contracts and also that he had a very limited understanding of how they worked. He had contacted an Energy Supplier directly who informed him that they would offer a supply but a large security deposit/bond was required to be paid in advance and held for duration of any contract.

He engaged us through our standard Letter of Authority and we analysed the market for him and as it was a new business the first offer we received was asking for a bond also.

We then went to 2 other suppliers who offered to supply with no bond, we then approached the original supplier who was the most competitive and after a few weeks negotiation they agreed to waive the requirement for the bond. The customer had no time nor sufficient experience to negotiate on rates and bonds.

Once again the need for what a TPI/Broker does is clear. The customer was delighted with the outcome and gave us 2 further successful referrals.

## CASE STUDY 4

We engaged a group of restaurants owned by an award winning chef in central Belfast in Feb 2015.

He had informed us that he had been offered a renewal offer and was told he just had to agree over the phone and all the rates that the supplier had would be applied to his account.

He stated that he was not told what the rates actually were, merely that it was their best current offer and included a 4 % discount if he continued to pay by DD.

We analysed all his bills and realised the offer was a standard variable rate offer and that the rates we could get him with the same supplier were actually significantly better.

He felt that he had been misled by the Energy supplier as he had asked for fixed pricing and instructed us to place the business elsewhere which we did and this still represents a saving on the original offer he had been given over the phone.

We have subsequently reviewed his meter tapes and contacted networks to arrange to change his meters to reflect his consumption patterns and this also reduced his bills.

He was unaware that it was possible to do this.

## Customer testimonial

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“Having used the same broker now for three and a half years, as I have come across numerous other brokers, companies and one-man bands offering a similar service. I understand and realise their practices would leave a lot to be desired; for example open ended LOA’s (*by that I mean a LOA with no expiry date on it, which means that the broker can keep entering the business into contracts until the end of time*). In saying that I also know that with the new GDPR legislation and suppliers clamping down it should weed out any of these people. The good brokers that are complying and doing the thing right should not be penalised for the past bad practices of others.

Without my broker I would definitely be paying more for my Electricity and Gas supply, it is clear that my Brokers understanding of the market and considerable negotiating power has helped my business control our Energy costs and keep trading in a very challenging market.

We welcome their help. We understand that our broker must get paid from someone. If they can help us save money, manage our contract/s and earn a commission then surely there can be nothing wrong with this.”

## IN SUMMARY

WE have proven that TPI'S/brokers that operate with integrity play a vital role in NI retail energy market as it helps create competition between suppliers. Competition can only be a good thing – it means margins get lowered resulting in better prices.

The Utility Regulator should be looking to introduce ways of establishing the TPI'S/Brokers that have good practice and apply this to a criteria/framework for any new entrants.

There should be a meeting between yourselves, TPI'S and Energy suppliers to outline good practice and make a formal arrangement to have this as part of an ongoing charter from which to work with. Once again we request a meeting to discuss in detail so we can air open and frank views.

Many business owners do not understand their energy bills (especially multi-rate bills). Another job of a good broker is educating people about their bill/s; various charges / energy only & pass-through costs etc.

We believe that in our four years of operating we have negotiated with over 800 businesses and have achieved a pricing reduction in the majority of cases. As the market is currently very high we are now advising on the best options available.

The one thing remains constant the businesses receive little or no guidance or contact from the Energy Suppliers.

Indeed as you are aware GO Power has written to all customers to cancel all fixed price contracts as a result lots of businesses will suffer as they really do not know what options they have. We have been inundated with requests for help and advice of which we are committed to delivering in as many cases as possible. One customer recently asked us to take on his entire procurement process as he felt things were almost impossible to understand and he just no longer had the time to start the process again.

We can only speak for ourselves when we say that our clients are made aware of how we get paid. We do not have people believe that it is **free**. The bottom line is that business owners are busy. Very often they do not have time to contact suppliers, compare prices, send emails back and forward etc.

Our role is to help educate, advise and secure best options for all our customers.

