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### **RE: Power 2 Business Response to UR Consultation July 2018**

Power 2 Business are Energy Procurement Consultants who act on behalf of our commercial clients in Northern Ireland by group tendering on their behalf for their electricity and gas supplies and reviewing suppliers offers. For further information on Power 2 Business please visit our website at [www.p2bgroup.com](http://www.p2bgroup.com)

We welcome the opportunity to respond to Unireg's UR Consultation July 2018.

Third Party Intermediaries in the commercial energy sector can take many forms such as those who work directly for a supplier for a fee per customer, Brokers whom work as sellers to consumers with suppliers agreeing commission to acquire customers, and Consultants whom work only on the consumers behalf having direct contractual agreements with them to provide services with remunerations payable to the acting consultant. For the purposes of this paper Power 2 Business will provide our feedback from the perspective of a consultant whom works on our commercial consumers behalf having contracts with them in place to carry out their energy procurement.

*Q1. Do respondents agree that where this consultation has an impact on the groups listed, those impacts are likely to be positive in relation to the equality of opportunity for energy consumers?*

#### Response

Yes Power 2 Business would agree.

*Q2. Do respondents consider that the proposal around TPI transparency need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.*

#### Response

No Power 2 Business do not believe that the proposal needs to be refined in any way.

*Q3. Do respondents agree that TPI commissions being published on the customer bills would increase levels of transparency for customers? If not please provide a clear rationale why.*

#### Response

Yes Power 2 Business agree that consultants commission being published on consumers bills would increase

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levels of transparency, we feel they should also detail the level of commissions to the consultant on the actual supply contract that the customer is accepting. However we do not feel this goes far enough and that a consumer needs to fully understand the total makeup of their energy costs. We would suggest regulated "pass through" charges, supplier margins and also the cost of the energy component itself should be detailed separately.

*Q4. Of those customers acquired via the TPI channel, can suppliers indicate what proportion have their commission paid on pence per KWh basis? Can suppliers clarify and provide data on other common models of commission used in NI?*

Response

Question is directed at suppliers but Power 2 Business can confirm we are transparent with our clients, including our commissions which are agreed on a small per KWh basis with them by way of contract prior to any consultancy work being carried out. We do not agree levels of commissions directly with suppliers other than what our clients have contracted us to earn with their chosen supplier.

*Q5. Do respondents agree that standardising the reporting of TPI commissions on customer's bills would increase levels of transparency for customers? If not please provide a clear rationale why; and if yes, how best this can be achieved.*

Response

Yes power 2 Business would agree. This can be best achieved by the supplier having a separate line on each invoice detailing the commission payable from that invoice to the consultant.

*Q6. Of those customers acquired via the TPI channel, can suppliers indicate for what proportion they would have data on the level of commission being paid?*

Response

Question is directed at suppliers only.

*Q7. Do respondents believe if a supplier is not aware of the TPI commission, the customer bill should include a general statement advising / reminding the customer that they may be paying commission and they should ask their broker for information on this? If not please provide a clear rationale why.*

Response

Yes a general statement seems fine in principle, however the general statement would need to be formulated in a standardised format agreed with consultants, the Utility Regulator, Suppliers and consumer interest groups so as not to give suppliers the freedom to create wording that could give rise to a negative perception that consultants whom bring value to their clients are acting in some way unfairly or underhand. Consultants such as Power 2 Business protect their clients by acting fairly and in their interests, not the interests of any supplier meaning there can be a conflict of interest if the supplier can create their own wording for this statement

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without approval. Any wording should certainly not provide suppliers with any direct control over a consultant as the consultant works on behalf of the consumer so this could place them in a position of not being able to perform their role.

*Q8. What changes to billing systems - or wider systems and processes - would be required in order to enable the publication of TPI commissions on a customer's bills? Do respondents have any view of the difficulty and cost of these changes?*

Response

The question is directed to suppliers.

*Q9. What other difficulties should be considered when publishing TPI commissions?*

Response

Needs to be considered that consumers should not be given a negative perception of consultants whom act fairly and on consumers behalf as being the sector of the industry whom are the cause of their energy costs. There should be a focus placed on the overall transparency of the industry so that consumers are more informed such as the makeup of regulated "pass through" charges, supplier margins and energy costs themselves. Some suppliers without the intervention of consultants or customers themselves being pro-active are charging higher rates, sometimes up to 20% - 30% compared to other suppliers. We have seen in the last few weeks one particular supplier, whom we have anecdotal evidence does not work with indigenous consultants, revoking their customers fixed energy contracts and changing their terms and conditions to be quite onerous in comparison to others, particularly around notice periods of contract termination (up to 210 days in some instances) and charges. Suppliers acting in this manner will clearly damage the reputation of the industry. Other suppliers may take the same approach to their terms and conditions in the future and consultants whom provide a good service at low commissions should be fostered to help consumers navigate what can only become a more difficult industry, particularly around the navigation of supplier switching.

*Q10. To what extent do respondents believe all the difficulties highlighted with this proposal can or cannot be mitigated? Are the difficulties outweighed by the potential customer benefit?*

Response

Power 2 Business cannot comment at this stage on the difficulties suppliers may be able to mitigate against in terms of their billing systems as we do not know what they are and as such are unable to comment on whether these difficulties will be outweighed by the customer benefit. We would be wholly supportive of having our commissions listed separately on our clients energy bills. With that said Power 2 Business would refer to our response to Question 9 as being needed to be taken into consideration as a method of mitigating any difficulties in terms of customers perceptions of consultants who act on their behalf with suppliers.

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*Q11. Do respondents think that a requirement on suppliers to include TPI commissions on customer bills should be voluntary, or mandated through a new licence obligation? What would respondents see as the issues with each approach?*

Response

Assuming there is little or no cost for suppliers to include consultants commissions within their bills, as customers would end up paying for this, then yes mandating suppliers to do this through licence seems fair and transparent. If however the cost is high to suppliers to include consultant commissions on their billing system as a requirement of software changes then we do not think a mandated approach would be a good option but rather a voluntary approach as some suppliers may choose not to deal with consultants as a consequence and so harming competition in the market. One of the issues in the GB consultations around TPI's was that some TPI's were not providing quotes from many suppliers and this could end up becoming a consequence in NI due to a mandated approach if suppliers cannot actually list commissions separately on bills without a high investment cost on their billing systems and may choose to stop engaging with consultants placing the consultant in a position of not being able to perform their role to the best possible outcome for the consumer.

As a solution, if it is considered by the Utility Regulator that a mandated approach is not the best course of action but for suppliers to adopt a voluntary approach, then consideration could be given to making it mandatory through licence that any supply contract a consumer is accepting with a supplier where a consultant is obtaining commission the said contract should contain prominently the commission that is being paid to the consultant. It would be imagined that the cost to a supplier to carry out this change would be minimal and yet creates transparency on consultants commissions.

Thank you again for the opportunity to respond to the UR Consultation July 2018.

Kindest Regards,

Gareth Strain

Managing Director