

Information Note

ofgem

Promoting choice and value for all gas and electricity customers

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Ofgem announces start dates for new market rules

Energy regulator Ofgem has today, Monday, delivered a set of measures that will make the market work better for all energy consumers including low-income groups and small businesses. The measures provide remedies to suppliers' shortfalls that emerged from the regulator's major probe into the energy market.

Following the closure of the final statutory consultation, Ofgem's governing authority last week gave the green light to the timetable for bringing in these vital measures.

The remedies

The revised licence condition governing **marketing practices** should come into force in October 2009. However the new requirement on written estimates following visits from face-to-face salespeople will come into force on **18 January 2010** to give suppliers an extra three weeks to train staff.

The remedies for micro-businesses come into force on **18 January 2010** and will apply to all **new contracts** entered into on or after this date. The conditions will not apply retrospectively meaning that for customers on **existing contracts**, the new rules will only take effect when they enter into a new contract or extend their existing contract on, or after, this date.

Changes to the **debt assignment protocol** - including doubling to £200 the threshold of debt a customer can carry and still switch- will come into effect on **18 January 2010**. This will help a greater number of vulnerable customers to switch supplier.

From **July 2010** customers will begin to see improvements in the information printed on their bills and they should begin receiving their **annual statements**. All customers should have received their first annual statement by December 2010 at the latest.

A new licence condition requires the big six companies greater **transparency on profits, underlying costs and revenues** for the big six companies' supply and generation businesses requires them to publish segmental reports from 2010 onwards for the relevant financial year.

The remedy package is supported by a set of overarching standards of conduct for suppliers. And it follows the implementation from 1 September of new rules banning price differences between payment methods that do not reflect the costs of offering those payment methods.

Notes to editors

1. New overarching standards of conduct for suppliers

Ofgem has introduced new standards that suppliers must keep to in all of their dealings with consumers. Our initial ideas on these are that suppliers **must** **not**: sell a customer a product or service that they do not fully understand or that is inappropriate for their needs and circumstances; change anything about a product or service without clearly explaining why; prevent a customer from switching product or supplier without good reason; offer products that are unnecessarily complex or confusing; and they **must** make it easy for customers to contact their supplier and act promptly and courteously to put things right when they make a mistake.

2. Ofgem has delayed by 17 days the introduction of improvements in billing information and measures for small businesses to accommodate company difficulties in meeting the original timetable. This will benefit consumers by providing a swifter result than the alternative which was further consultation.
3. The final statutory consultation on the remedies closed on Tuesday 15 September. Statutory notices will be issued shortly.
4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

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