

## ECONOMY, ENERGY AND FAIR WORK COMMITTEE

### CONSUMER SCOTLAND BILL

#### SUBMISSION FROM ENERGY UK

Submitted via email to: [economyenergyandfairwork@parliament.scot](mailto:economyenergyandfairwork@parliament.scot)

11 September 2019

#### Consumer Scotland Bill - Call for Views

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership covers over 90% of both UK power generation and the energy supply market for UK homes. We represent the diverse nature of the UK's energy industry – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 680,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing long-term employment as well as quality apprenticeships and training for those starting their careers. The energy industry invests over £12.5bn annually, delivers around £84bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HMT.

The comments below represent a high-level industry view, and Energy UK's members may hold different views on particular issues. We would be happy to discuss any of the points made in further detail with the Committee or any other interested party if this is considered to be beneficial.

Energy UK supports strong, independent consumer advocacy in Scotland and has been an active participant in past energy summits held by the Scottish Government, where we looked to work together to explore ways to improve outcomes for Scottish energy consumers. We do, however, have a number of questions with regards to the creation of a new consumer body for Scotland with regards to the energy industry.

In its consideration of the Bill, we would remind the Committee to remain conscious that the energy market in Scotland is part of a single pan-GB level regulated industry. We note that this has the potential to limit the effectiveness/scope for action of Consumer Scotland in relation to energy – i.e. Ofgem will make regulatory decisions based on the impact of policy on customers across the entirety of GB. We do note that this may not be the case with other industries, such as legal services.

With this in mind, the Committee should remain mindful that the GB energy industry is already heavily regulated with existing and well-established consumer advocacy structures, for example Citizens Advice Scotland (CAS), the Citizens Advice Consumer Service and the Extra Help Unit. Further clarification is

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required around the role of Consumer Scotland and the existing role of CAS, in particular with regards to energy. The relationship of Consumer Scotland with UK/GB regulatory authorities (Ofgem and the Competition and Markets Authority) also needs to be clearly defined. There is otherwise a risk of adding a layer of complexity and unnecessarily duplicating effort, creating confusion for both customer and industry.

The existence of Consumer Scotland could likely result in some duplication of effort for energy suppliers risking increased cost to customers. It could also result in duplication of effort for customers. Firstly, as an additional body that suppliers will be required to feed into. Secondly, as a body which may require suppliers to manage their customers based in Scotland separately from their customers based in the rest of GB. Thirdly, as a body which may alter the deployment of certain industry schemes (such as Energy Company Obligation) for customers based in Scotland. To this end, we believe the relationship of Consumer Scotland with pan-GB energy suppliers needs to be clearly defined.

Finally, the Committee should seek further clarity on the extent of Consumer Scotland's investigative and legal powers over the GB energy industry. As outlined already, the industry is heavily monitored by existing GB regulatory authorities and well-established consumer advocacy structures. The role of Consumer Scotland in providing recommendations to the authorities regulating the GB energy markets, as well as the extent to which industry will be expected to comply with these recommendations, need to be explicitly outlined.

I trust that you find Energy UK's comments useful. We would welcome the opportunity to discuss any of the points made above in more detail. Should this be of interest, please feel free to contact me on 0207 024 7634 or at [daniella.weduwer@energy-uk.org.uk](mailto:daniella.weduwer@energy-uk.org.uk).