

Consultation on Regulating Third-Party Intermediaries in the Retail Energy Market
Submission from the Association of Convenience Stores

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Department for Energy Security and Net Zero's consultation on Regulating Third-Party Intermediaries in the Retail Energy Market. ACS represents 50,387 convenience stores across mainland UK, including Spar UK, One Stop, and thousands of independent retailers trading under brands such as Nisa, Londis and Costcutter. These retailers operate in all locations, including neighbourhoods, villages, petrol forecourts and city centres. However, their primary trading locations are secondary shopping areas close to where people live and work.

Convenience retailers benefit from using TPIs, including energy brokers and price-comparison websites, to secure more competitive deals tailored to their specific needs. TPIs help retailers navigate complex energy markets, negotiate better contracts, and manage procurement, which can lead to significant cost savings. We welcome proposals aimed at addressing key issues such as price transparency, dispute resolution, and enhanced support for vulnerable consumers, ensuring a fairer and more efficient energy market for all.

ACS are supportive of the proposals to regulate TPIs in the retail energy market. We support the introduction of a general authorisation regime, which will ensure that TPIs operate under a consistent framework, promoting greater transparency and accountability. The proposals to enhance price transparency, especially by requiring clear disclosure of fees and commissions, will empower retailers to make better-informed decisions. Additionally, we welcome the focus on improving access to dispute resolution mechanisms, ensuring that businesses have recourse in cases of unfair practices. These measures will help protect vulnerable consumers, foster trust in the TPI market, and create a fairer energy market for all.

If you have any questions about this submission, please contact ACS Public Affairs Manager Jordan Newfield: Jordan.newfield@acs.org.uk/07384818131

Answers to the consultation questions are below:

1. Since the launch of our Call for Evidence on TPIs in the retail energy market in August 2021, have you observed any significant developments in the TPI market that could inform potential regulatory decisions?

The recent volatility in the energy market and drastic price increases have meant that retailers are increasingly more reliant on TPIs to navigate the complexities of fluctuating energy prices and secure better deals. The surge in demand has highlighted the value of TPIs, with some offering critical support in managing risks and reducing costs. The energy crisis has underscored the need for clearer regulations to ensure that TPIs provide consistent, fair, and transparent services.

8. What are your views on the types of TPIs included in the first section of the scope table?

The types of TPIs included in the first section of the scope table cover all the main intermediaries, with price comparison websites and energy comparison tools being the most commonly used by retailers to secure competitive energy deals.

9. Do you think any further types of TPIs should be explored? If yes, do these match with any of the expanded scope category and if they do not, why not?

Buying groups which help businesses collectively negotiate better energy deals by pooling their purchasing power—should be included in the scope, as they play a key role in securing competitive energy contracts for retailers.

14. Do you agree with the list of policy objectives?

Yes.

15. Do you support the government's proposition to directly regulate TPIs via a general authorisation regime? If not, what regulatory approach do you prefer, and what are the reasons behind your choice?

Yes as this ensures that all TPIs operate under a consistent framework, which is essential for promoting transparency, accountability, and fair practices across the market. A general authorisation regime provides a balanced solution by enabling businesses to participate in the market without the burden of obtaining individual licenses, while still ensuring robust consumer protections, clearer fee structures, and improved dispute resolution processes.

This would also help foster innovation while safeguarding the interests of retailers and other consumers in the energy market.

21. What do you think of these principles? Should any additional principles be considered and why?

We support the proposed design principles, particularly those emphasising transparency, fairness and appropriate dispute resolution. These principles are essential to fostering trust and ensuring that TPIs operate in a manner that protects consumers. An additional principle could be introduced to address "market accessibility," ensuring that small businesses, including convenience retailers, have equal access to TPI services and are not disproportionately disadvantaged by complex or inaccessible processes.

22. Specifically, do you agree with the design principle titled “clear route for dispute resolution” which would require TPIs to maintain clear and accessible complaints processes and signpost customers to out-of-court dispute resolution providers?

Yes we agree with this design principle. A clear and accessible route for dispute resolution is critical for protecting consumers, ensuring that they can address issues with TPIs efficiently and fairly. Out-of-court resolution mechanisms, like Ombudsman services, provide an essential safeguard for smaller businesses that may lack the resources for lengthy legal disputes.

23. Do you agree that TPIs, along with energy suppliers, should play a bigger role in raising awareness and educating consumers in GHG emissions reduction and energy efficiency practices?

We agree that TPIs, alongside energy suppliers, should play a bigger role in raising awareness and educating consumers about greenhouse gas emissions reduction and energy efficiency practices. TPIs are well-positioned to influence business decisions on energy consumption, and by integrating advice on sustainability into their services, they can help convenience retailers contribute to the UK's net zero and energy efficiency goals.

Convenience retailers are keen to invest in energy-saving initiatives, with 55% already using LED lighting, 53% having installed chiller doors, 33% using smart meters, and 5% adopting solar

panels¹. If the government were to incentivise the installation of one energy-saving measure, 25% of retailers would prioritise solar panels, 18% would opt for efficient refrigeration, and 13% would choose chiller doors².

24. Are there further design principles that should be explored as part of a general authorisation regime?

See question 21

25. Are there types of enforcement activities within the energy sector or a similarly regulated sector that would be most appropriate for TPIs?

Enforcement activities such as financial penalties, infringement decisions, and the use of voluntary redress payments, similar to those employed in the energy supply sector, would be appropriate for TPIs. Additionally, regular audits and monitoring, as well as the requirement for TPIs to provide clear and accurate data to the regulator, would help ensure ongoing compliance.

26. What are your views on a preferred regulator if a regulatory framework was established?

We support the idea of Ofgem as the regulatory for TPIs. As the economic regulator of the gas and electricity markets, Ofgem has the necessary expertise and experience to monitor TPIs, particularly given its existing oversight of non-domestic brokers and energy suppliers.

¹ ACS Local Shop Report 2024

² ACS Voice of Local Shops Survey Feb 2023