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Owain Roberts,
Deputy Committee Clerk,
Legislation Office,
National Assembly for Wales,
Cardiff,
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10 May 2010

Dear Owain,

Consultation – Proposed Welsh Language Measure

Thank you for the opportunity to comment on the above Call for Evidence. Good Energy is a small licensed electricity and gas supplier. We supply just under 27,000 electricity customers in the UK (approx 1,000 of whom are in Wales) with electricity sourced from over 1,000 UK renewable generators and nearly 3,000 gas customers (with less than 100 within Wales) who support over 300 solar thermal heat generators.

For your convenience, we have answered your questions below expanding where necessary.

1. Is there a need for a proposed Measure to deliver the stated objectives?

The use of Welsh should be driven by those who wish to speak Welsh. Where a service is provided by a body or company who has a granted monopoly over the provision of the service within Wales or UK wide including Wales, then there may be a requirement to enforce the availability of Welsh via a prescribed measure. However, where the service provided is part of a competitive market, where the user can switch the provider of such services, then competitive pressures should prevail, and customers should seek out providers who offer services in the language of their choosing.

Electricity and gas supply is a competitive service, where customers can select the provider of their choice. Therefore they should not be subject to the Measure when other competitive services, for example. supermarkets, or MOT test centres are excluded. Rather, customers who wish to communicate in Welsh should select a service provider offering such a service.

2. Is it easy to understand the practical implications of the proposed Measure for your organisation?

Not really, it is not clear how we would distinguish Welsh and English speaking customers within Wales, nor the extent or limit of the service provision, especially with regard to non-specific communications, such as newsletters and referrals to Websites.

3. How will the proposed Measure change what your organisation does currently and what impact will such a change have?

Good Energy is based in Chippenham in Wiltshire and has no physical presence within Wales. It is therefore unlikely that we will be able to offer Welsh language speakers in our call centre, especially as to provide full coverage would require a minimum of 3 Welsh speaking staff out of our current staffing level of just 12. This fixed cost, if mandated, would have to be recovered by a levy on Welsh customers thus impacting our ability to compete in Wales. Ultimately it could lead to our withdrawal from Wales, and thus further eroding choice to Welsh customers outside the large suppliers.

Whilst we do not believe that energy providers should be subject to the measure as it is a competitive market. If such a Measure was mandated, we believe in the interest of competition, smaller suppliers (Defined by OFGEM as the industry regulator as those serving less than 50,000 domestic customers in the UK) should be exempt from the Measure just as they are exempt from several other obligations which impose a disproportionate cost upon them compared to the big 6 suppliers. This would meet the



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intention in the Measure to maintain a level competitive playing field between licensed suppliers.

4. Are the sections of the proposed Measure appropriate in terms of achieving the stated objective?

We have no views on this section.

5. What are the potential Barriers to implementing the provisions of the proposed Measure (if any) and does the proposed Measure take account of them?

As a single site company based in England with no physical presence in the Principality, the recruitment of fluent Welsh speakers to meet the obligation would be extremely difficult. As a small energy supplier, supplying significantly less than one percent of customers in Wales the cost of this service would impact us disproportionately compared to our significantly larger competitors, and thus act as a barrier to us providing a cost effective service to Welsh customers.

The research covered in the Explanatory Memorandum, seems to have only covered small businesses located within Wales, and appears to consider that the smallest energy supplier in Wales has a 10% market share, which is incorrect. Therefore the Measure does not appear to have considered the impact on smaller licensed energy suppliers.

6. What are the financial implications of the proposed Measure for your organisation, if any?

Given the exact requirements are not clear it is difficult to quantify the exact cost, but the recruitment of Welsh speakers is likely to be difficult and would certainly attract a premium. As a guide, assuming we recruit from the south east of the Principality and pay the travel costs of 2 staff to commute to Chippenham, then as a "ball park" calculation this would be:

Per day: 140 miles @ 40p/mile x 2 staff	= £112.00
Bridge Toll	= £11.00
250 working days	= £30,750 per annum

In addition there would probably be a premium of approx £10,000 per person to encourage staff to make a daily round trip of 140 miles. So the cost would be closer to an annual premium of £50,000.

This equates to approximately £50 per Welsh Customer, or additional 13.7p per day on standing charge for Welsh consumers. (Increasing standing charges for standard customers from 9.15p per day to 22.85p in South Wales and from 13.47p to 27.17p in North Wales)

This does not cover set-up costs or the high cost of separate translation and small print run of letters and news items or web pages. So the full costs are likely to be higher.

Realistically, if we were to impose these costs we would lose customers, thus increasing the cost per customer and create a vicious cycle of increasing costs and ultimately price ourselves out of the Welsh market.

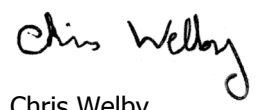
On the benefit side, we have no records of the number of Welsh speakers amongst our customer base, but a significant proportion of them are clustered within South East Wales where Welsh speaking is not dominant, thus we believe that a majority of our Welsh customers have English as their first language.

7. Are there any other comments you wish to make about specific sections of the proposed Measure?

We have no views on the other sections of the Measure

I hope you find this response useful. If you wish to discuss further, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink that reads "Chris Welby". The signature is written in a cursive style with a large, looping 'W' and a small 'y'.

Chris Welby
Commercial Director