

Appendix 6.1: Creating stronger incentives for third party intermediaries to engage customers

Parties' views on the proposed remedy for an Ofgem price comparison service for domestic and/or microbusiness customers

1. In the Remedies Notice we invited views on the effectiveness and proportionality of this remedy.
2. There was a mixed response to this remedy overall:
 - (a) EDF Energy,¹ Ovo Energy² and the Co-operative Energy³ supported the remedy.
 - (b) RWE,⁴ E.ON⁵ and Utility Warehouse⁶ supported the remedy under specific circumstances. RWE said that it supported the proposal provided it concerned an information-only service and commercial PCWs could offer exclusive tariffs.⁷ E.ON said that it supported the remedy if it was information-only and covered the whole of the market and did not undermine existing commercial PCWs.⁸ Utility Warehouse⁹ said that an Ofgem comparison service should only be introduced if it provided something new and that was unlikely to be delivered by commercial PCWs.
 - (c) Centrica,¹⁰ First Utility,¹¹ MoneySavingExpert.com,¹² Which?¹³ and the Behavioural Insights Team¹⁴ opposed the remedy.
 - (d) SSE¹⁵ and Scottish Power¹⁶ said that it was worth exploring further/saw merit in considering it.

¹ EDF Energy response to Remedies Notice, p21.

² Ovo Energy response to Remedies Notice, p21. Ovo Energy supported this remedy but suggested that Citizens Advice was likely to be a better host of an independent, trustworthy PCW service.

³ Co-operative Energy response to Remedies Notice, p11.

⁴ RWE response to Remedies Notice, p52, paragraph 1.4.

⁵ E.ON response to Remedies Notice, p33.

⁶ Utility Warehouse response to Remedies Notice, p9.

⁷ RWE response to Remedies Notice, p52, paragraph 1.4.

⁸ E.ON response to Remedies Notice, p33.

⁹ Utility Warehouse response to Remedies Notice, p9.

¹⁰ Centrica response to provisional findings and Remedies Notice, p66.

¹¹ First Utility response to provisional findings and Remedies Notice, p32.

¹² MoneySavingExpert.com, response to Remedies Notice, p7.

¹³ Which? response to Remedies Notice, p6.

¹⁴ The Behavioural Insights Team response to Remedies Notice, p6.

¹⁵ SSE response to Remedies Notice, p44, paragraph 3.9. SSE said it was worth exploring further to ensure that it would be effective in meeting the objective of improving trust.

¹⁶ Scottish Power response to Remedies Notice, p20, paragraph 6.1.

3. Parties said the following in relation to whether this remedy would be effective in improving trust in PCWs, and thereby, encouraging greater use by customers:
- (a) SSE¹⁷ and Scottish Power¹⁸ said that an Ofgem comparison service could increase trust but it could signal that commercial PCWs could not be trusted through a perception that an Ofgem service was required.
 - (b) Centrica¹⁹ said that an Ofgem comparison service could undermine, rather than improve trust as it could signal that commercial PCWs (even if they adhered to the Confidence Code) could not be trusted through a perception that an Ofgem service was required.
 - (c) Professor Stephen Littlechild said that an Ofgem comparison service would signal that Ofgem regarded PCWs as untrustworthy and would reduce customers' trust.²⁰
 - (d) EDF Energy said that it was unclear whether an Ofgem comparison service would have a material effect in terms of specifically increasing trust in PCWs.²¹
 - (e) RWE said that an Ofgem comparison service could potentially have higher levels of trust than services operated by existing PCWs and if properly supported and advertised could give customers the confidence to engage with PCWs and suppliers.²²
 - (f) E.ON said that an Ofgem comparison service could provide a trusted information source but it needed introducing carefully so as not to undermine existing PCWs.²³
 - (g) Which? said that while customers may state in market research that they are more likely to trust an Ofgem PCW, in reality it was unlikely given the marketing budgets of the biggest PCWs.²⁴
4. There was widespread concern that this remedy could have the unintended consequence of undermining the business model of commercial PCWs.

¹⁷ SSE response to Remedies Notice, p44, paragraph 3.9.3. SSE said that an Ofgem comparison service could increase trust in the accuracy of prices but it could also signal commercial PCWs could not be trusted through a perception that an Ofgem service was required.

¹⁸ Scottish Power response to Remedies Notice, p21, paragraph 6.3.

¹⁹ Centrica response to provisional findings and Remedies Notice, p67.

²⁰ Mr Stephen Littlechild response to Remedies Notice, p16, paragraph 90.

²¹ EDF Energy response to Remedies Notice, p22, paragraph 6.6.

²² RWE response to Remedies Notice, p52, paragraph 2.1 and 2.2.

²³ E.ON response to Remedies Notice, p34, paragraph 158.

²⁴ Which? response to Remedies Notice, p6.

Although Scottish Power²⁵ and E.ON²⁶ said that this was less likely/could be mitigated by making the service information-only rather than transactional. EDF Energy said that this was unlikely if the service was non-transactional and only provided links or directions to where a customer could switch tariffs.²⁷

5. Parties said the following in relation to the key design features of the remedy:

(a) Some parties said that introducing an Ofgem price comparison service that was online only could have lower costs than if it included a telephone comparison service,²⁸ a telephone service could help reach customers more widely,²⁹ including less engaged customers,³⁰ vulnerable customers,³¹ customers without internet access³² and those not confident using the internet.³³

(b) There was general agreement that an Ofgem price comparison service should list the whole of the market, otherwise it risked causing confusion and undermining trust.³⁴

(c) Centrica said that the costs of the service, even if via a website only, would be significant and result in an increase to consumer bills.³⁵ It did not believe that this remedy would be effective, though if the CMA were to implement it, the service should be provided by phone, but targeted only to those without internet access (eg sending the number by post to only those customers, if known, or via third parties such as Citizens Advice, which may have relationships with such customers).³⁶

(d) EDF Energy,³⁷ SSE,³⁸ RWE³⁹ and Co-operative Energy⁴⁰ said that there should be an obligation on suppliers and/or PCWs to provide information

²⁵ Scottish Power response to Remedies Notice, p21, paragraph 6.6.

²⁶ E.ON response to Remedies Notice, p35, paragraph 162. E.ON said that this could be mitigated against by making the service information-only rather than transactional.

²⁷ EDF Energy response to Remedies Notice, p22, paragraph 6.8.

²⁸ For example, Citizens Advice, uSwitch and Ofgem.

²⁹ For example, The Behavioural Insights Team.

³⁰ For example, Scottish Power, Co-operative Energy and First Utility.

³¹ For example, EDF Energy, Scottish Power and E.ON.

³² For example, SSE, E.ON, Co-operative Energy, Citizens Advice, Gocompare.com and Ofgem.

³³ For example, SSE.

³⁴ For example, EDF Energy, Scottish Power, Centrica, RWE, E.ON, Co-operative Energy, First Utility, uSwitch, Ofgem and Citizens Advice.

³⁵ Centrica response to provisional findings and Remedies Notice, p68

³⁶ Centrica response to provisional findings and Remedies Notice, p69.

³⁷ EDF Energy response to Remedies Notice, p22, paragraph 6.11.

³⁸ SSE response to Remedies Notice, p44, paragraph 3.9.13.

³⁹ RWE response to Remedies Notice, p52, paragraph 2.8. RWE said that there should be an industry-wide obligation on all suppliers and PCWs to provide information to Ofgem/an independent PCW of tariffs and offers available on the market.

⁴⁰ Co-operative Energy response to Remedies Notice, p12. Co-operative Energy said that there should be an obligation on suppliers and/or PCWs to provide information to Ofgem on their tariffs or a centralised database.

to Ofgem on their tariffs. SSE said that any obligation should be proportionate.⁴¹ However, Scottish Power said that if a new Ofgem comparison site was trusted then suppliers would want to be listed so an obligation might not be necessary.⁴² E.ON said that it would be most effective for Ofgem to interact with suppliers' existing quoting tools and therefore there was no need for an obligation for suppliers to provide such information.⁴³

- (e) Some parties said that making an Ofgem price comparison service non-transactional may reduce customer engagement. For example:
- (i) The Behavioural Insights Team said that it had repeatedly seen evidence that any additional steps in a process significantly reduced completion rates.⁴⁴
 - (ii) MoneySuperMarket said that it would be concerned that putting an extra step into the journey may have a discouraging effect on consumers who were trying to decide whether switching was 'worth the hassle'.⁴⁵
 - (iii) Centrica said that there was the potential for customer confusion of providing another step in the search process.⁴⁶
 - (iv) First Utility said that the remedy may increase the hassle factor in switching by requiring customers to take an additional step to ensure they had obtained the best deal. This could potentially lower engagement.⁴⁷
- (f) Several suggestions were made as to how to raise awareness of an Ofgem price comparison service, including using Ofgem campaigns, communications such as bills and annual statements, supplier phone calls and signposting by other market participants. However, SSE said that it may be off-putting to have more information on bills and that requiring commercial PCWs to provide a link to an Ofgem price comparison service may undermine PCWs.⁴⁸ Scottish Power also said that it should not be put on bills as the bill was already over-loaded.⁴⁹ E.ON said that mandating commercial PCWs to provide access to an Ofgem price

⁴¹ SSE response to Remedies Notice, p44, paragraph 3.9.13.

⁴² Scottish Power response to Remedies Notice, p21, paragraph 6.10.

⁴³ E.ON response to Remedies Notice, p35, paragraph 164.

⁴⁴ The Behavioural Insights Team response to Remedies Notice, p7.

⁴⁵ MoneySuperMarket response to Remedies Notice, p9.

⁴⁶ Centrica response to provisional findings and Remedies Notice, p69.

⁴⁷ First Utility response to provisional findings and Remedies Notice, p32.

⁴⁸ SSE response to Remedies Notice, p48, paragraph 3.9.21.

⁴⁹ Scottish Power response to Remedies Notice, p22, paragraph 6.15.

comparison service would imply that the PCWs were not themselves trustworthy.⁵⁰

6. Parties said the following about whether Ofgem are best placed to provide an independent comparison service:

(a) Parties said that a price comparison service might not be the best use of Ofgem resources:

- (i) Which? said that it risked focusing Ofgem's time and resources on a non-core element of its duties.⁵¹
- (ii) MoneySuperMarket questioned whether it was the best use of Ofgem resources and the most efficient and productive way of engaging with disengaged consumers.⁵²

(b) Parties said that a price comparison service provided by Ofgem may conflict with Ofgem's role, especially in managing the Confidence Code:

- (i) uSwitch said that it could present a conflict of interest with Ofgem's regulatory function as it may act as a representative of suppliers under the Supplier Licence Conditions.⁵³
- (ii) Citizens Advice questioned whether Ofgem's stewardship of the Confidence Code introduced a potential conflict of interest.⁵⁴
- (iii) RWE said that if Ofgem provided the independent PCW, it could be a conflict of interest to allow Ofgem to continue to manage the Confidence Code, whilst also operating as a participant within the market.⁵⁵
- (iv) Ofgem said that it would need to consider how it impacted on its role in administering the Confidence Code.⁵⁶

(c) Scottish Power said that it might be more in keeping with the role of Citizens Advice.⁵⁷

⁵⁰ E.ON response to Remedies Notice, p37, paragraph 173.

⁵¹ Which? response to Remedies Notice, p6.

⁵² Money Supermarket response to Remedies Notice, p9.

⁵³ uSwitch response to Remedies Notice, p25.

⁵⁴ Citizens Advice response to Remedies Notice, p32.

⁵⁵ RWE response to Remedies Notice, p53, paragraph 2.5.

⁵⁶ Ofgem response to Remedies Notice, p3, paragraph 1.7.

⁵⁷ Scottish Power response to Remedies Notice, p20, paragraph 6.1.

7. Parties said the following about the likely costs to Ofgem of offering a price comparison service:
- (a) uSwitch said that it was very resource-intensive to give the right customer experience. The typical time to build and launch a new price comparison service was [redacted].
 - (b) Gocompare.com said that the costs to set up and run a PCW service would be significant. Gocompare.com said that it spends many millions of pounds each year on marketing to attract customers to use its service.⁵⁸
 - (c) The Australian Energy Regulator's PCW, EnergyMadeEasy.com, cost around \$AUD 2 million for the initial build and re-development, and costs around \$AUD 100,000 annually in support and maintenance.
 - (d) Citizens Advice⁵⁹ and uSwitch⁶⁰ said that the costs could be reduced by making it an information-only service.
 - (e) Ofgem said that adequate funding and publicity would be critical to its success.⁶¹
 - (f) E.ON said that resources for maintenance were likely to rise if more complex tariffs emerged and the rate of change [of tariffs] increased.⁶²
8. Responses to our Remedies Notice focused on the domestic sector. The following comments were made explicitly about an Ofgem price comparison service in relation to microbusinesses:
- (a) Centrica said that it supported an increase in PCWs in the microbusiness sector, but the focus should be on providing the framework for competition so that the market developed this service itself.⁶³
 - (b) Scottish Power said that although there was currently more of a gap in the market for PCWs targeted at microbusinesses, we should be cautious about introducing a new publicly-funded service that might discourage the emergence of equivalent commercial services.⁶⁴
 - (c) SSE said that given the additional complexity of non-domestic tariffs, a telephony element might be essential for this market. It also said that for

⁵⁸ Gocompare.com response to Remedies Notice, p5, paragraph 4.7.

⁵⁹ Citizens Advice response to Remedies Notice, p35.

⁶⁰ uSwitch response to Remedies Notice, p25.

⁶¹ Ofgem response to Remedies Notice, p3, paragraph 1.6.

⁶² E.ON response to Remedies Notice, p36, paragraph 168.

⁶³ Centrica response to provisional findings and Remedies Notice, p66, paragraph 2.5.9.

⁶⁴ Scottish Power response to Remedies Notice, p21, paragraph 6.7.

microbusinesses, it might not be possible for the Ofgem PCW to technically list all prices available since prices could be individually negotiated. It said that suppliers would have to set up new processes to facilitate switches for microbusiness customers via an online comparison service. It also said that the existence of such a site would not in itself encourage engagement.⁶⁵

- (d) E.ON said that given the current lack of commercial PCWs it was more effective to introduce solutions that would enable them. Introducing an Ofgem-run 'meta-PCW' would likely create a significant barrier to entry. PCWs had greater incentives to innovate in order to produce the most effective outcome for customers. It said that if the proposed remedy were implemented it would be more proportionate for it to be online-only as research suggested microbusinesses preferred to research online. It also said that the publication of full details to allow for more customer specific pricing to be published was more problematic, given the number of variables that were taken into consideration within pricing.⁶⁶
- (e) Ofgem said that there was a material risk in the microbusiness segment that the proposed remedy could have a distortive effect on PCWs, given they were still in the early stages of development for microbusinesses.⁶⁷ It said that a microbusiness PCW could be more complex to design, which could impact on costs.⁶⁸

Parties' views on the proposed remedy to give PCWs access to the ECOES database

- 9. In the Remedies Notice, as part of a package of measures to address barriers to switching by domestic customers, we asked for views on whether PCWs should be given access to the Electricity Central Online Enquiry Service (ECOES) database. We were told that there is a similar database for gas (the Single Centralised On-Line Gas Enquiry Service (SCOGES)) after the publication of our Remedies Notice. All responses to the Remedies Notice are therefore limited to the ECOES database.
- 10. In our Remedies Notice we invited views on whether PCWs should be given access to the ECOES database in order to allow them to facilitate the switching process for customers. We also invited views on:

⁶⁵ SSE response to Remedies Notice, pp44–49.

⁶⁶ E.ON response to Remedies Notice, pp56–60.

⁶⁷ Ofgem response to Remedies Notice, p6.

⁶⁸ Ofgem response to Remedies Notice, p9.

- (a) to what extent this would reduce the rate of failed switches and/or erroneous transfers;
 - (b) whether there are any data protection issues; and
 - (c) whether access to this database will still be relevant once smart meters have been introduced.
11. A number of parties were in favour of giving PCWs access to ECOES as they considered that it would allow PCWs to carry out verification of customer data before passing an application to a supplier, thus reducing the number of failed switches (SSE, Ofgem)⁶⁹ and the cost of validating data to suppliers (Spark Energy);⁷⁰ as well as speeding up the switching process (RWE,⁷¹ Co-operative Energy). EDF Energy had no objections to giving PCWs access to ECOES as it considered that it would help reduce the rate of cancellations once the switching process was initiated. It said that restrictions on the use of the data would have to be enforced so that only the checking of information on customer initiated switches was allowed.⁷²
 12. Make It Cheaper said that a similar system worked well in Australia, by allowing TPIs to clarify information for customers up front and thus improving the speed and number of successful SME energy transfer requests.⁷³
 13. Scottish Power said that access to ECOES would enable PCWs to check MPAN and meter serial number or invite the customer to choose between options in cases where there was ambiguity; and reduce the frequency of duplicate sales and incorrect addresses, which often led to erroneous transfers and product-meter mismatches.
 14. There have also been submissions that ECOES access would also make switching easier for customers, thus increasing the number of successful switching applications through PCWs.
 15. Simplify Digital and some other PCWs identified issues with, or lack of access to, their meter numbers as a barrier to switching, when people have to contact their supplier to obtain them.⁷⁴ MoneySavingExpert.com said that when there

⁶⁹ Ofgem said that it considered there were potential benefits of giving PCWs and TPIs access to ECOES as it may allow PCWs to carry out earlier verification of customer data, thus reducing the number of failed switches.

⁷⁰ Thanks to PCWs being able to perform a more accurate validation earlier in the switching processes.

⁷¹ RWE said that it was in favour of giving PCWs access to ECOES subject to regulation of the PCWs.

⁷² EDF Energy response to Remedies Notice, p18 paragraph 4.6.

⁷³ Make It Cheaper response to Remedies Notice, paragraph 6.

⁷⁴ Simplify Digital response to Remedies Notice, paragraph 59c.

were issues with the meter numbers, it had to ask people to reapply for the switch (after checking the bill or asking the supplier).⁷⁵

16. Utilities Savings said that wider access to ECOES would be helpful to identify supply details for customers who found it difficult to gather this information, particularly those who had moved into new premises and did not have a bill.⁷⁶
17. The Behavioural Insights Team believed that allowing PCWs to access ECOES would remove the need for customers to search for their meter number, thus making the switching process easier.⁷⁷
18. University of East Anglia's Centre for Competition Policy submitted that removing the need to find and read a meter should help increase switching rates, but the impact was likely to be higher within consumer groups which were already active.⁷⁸
19. Citizens Advice said that people were more likely to abandon the comparison process when asked for additional data.⁷⁹ uSwitch said that for 10% of customers that had to input their meter numbers manually, this reduced the chance of them completing an application form by 3%; and having to input the data manually led to a higher risk of making an error, which reduced the probability of a switch going live by 2%.⁸⁰
20. Make It Cheaper also said that ECOES access would also empower PCWs to handle transfer 'Objections' far more efficiently and help bridge the 'live rate' gap that would remain an issue until wide enough penetration of smart meters could offer an alternative solution.⁸¹
21. Some parties (Utility Warehouse⁸², Ovo Energy⁸³, Co-operative Energy⁸⁴ and Energy Action Scotland⁸⁵) objected to PCWs having access to ECOES and considered that this remedy would bring limited benefits, while incurring additional costs. E.ON said that allowing PCWs access to ECOES would bring limited benefits beyond the Midata programme, while incurring additional costs.

⁷⁵ MoneySavingExpert.com response to Remedies Notice, p6.

⁷⁶ Utilities Savings response to RN, pp6-7.

⁷⁷ The Behavioural Insights Team response to Remedies Notice, p4.

⁷⁸ University of East Anglia response to Remedies Notice, p6.

⁷⁹ Multi party hearing (2 September 2015).

⁸⁰ uSwitch response to Remedies Notice, p14.

⁸¹ Make It Cheaper response to Remedies Notice, paragraph 6.

⁸² Utility Warehouse response to Remedies Notice, p8.

⁸³ Ovo response to Remedies Notice (Remedy 4a).

⁸⁴ Co-op response to Remedies Notice, p7.

⁸⁵ Energy Action Scotland response to Remedies Notice, p5.

22. Centrica said that all PCW sales passed on to suppliers were checked against ECOES, and a further check by PCWs would not add value.⁸⁶
23. SSE said that any errors in industry data would still be present whether accessed by PCWs or suppliers and that there was no audit trail when industry databases were updated; and identified the need to make this data more robust.
24. Utilities Savings noted that ECOES was imperfect and that some TPIs may have indirect access to ECOES, which may actually be causing erroneous transfers.⁸⁷
25. Co-operative Energy said that in the case where ECOES data was incomplete or incorrect, the obligation was currently on the supplier to contact the customer and manage the resolution process. In order for PCW access to be effective and straightforward for the customer, the responsibility for managing the resolution process would need to lie with PCWs in scenarios where they had initiated the switch. Co-operative Energy had reservations about PCWs facilitating switching using anything other than meter specific information such as the MPAN or serial number and it did not see how PCW ECOES access would reduce the rate of failed switches or erroneous transfers. It said that sufficient controls would need to be in place to ensure they submitted accurate data to the ECOES database. However, there was the obvious potential benefit for consumers in that switching may be instigated more quickly.⁸⁸
26. Gemserv said that ECOES data was 100% coherent with the [X], but data in this system could be inaccurate.⁸⁹
27. Some suppliers expressed concerns that this remedy could create the risk of misuse of ECOES data by PCWs (Co-operative Energy, Centrica, Utility Warehouse) and for nuisance calling if the data was used for marketing purposes (Ofgem).

⁸⁶ Centrica response to Remedies Notice, p58.

⁸⁷ Utilities Savings response to Remedies Notice, p7.

⁸⁸ Co-operative Energy also had concerns around PCWs having access to this industry data and the potential for them to abuse this to market to domestic consumers in future. It said that additional data protection may need to be introduced, for example the caveat that PCWs destroyed specific customer data once the switch had been finalised. It also had concerns around how PCW facilitated switching would work for dual fuel customers because if PCWs only had ECOES access delays may occur whilst the gas element was being switched separately through Xoserve's Data Enquiry portal.

⁸⁹ Gemserv said that ECOES provided a consolidated view of the data that was in MPRS (Metering Point Registration System). In addition, metering related data held in ECOES was provided by supplier agents. Consequently, it was misleading to suggest there was a master registration system, however it was coherent with the data sources mentioned above.

28. Parties also mentioned instances of inappropriate use of the ECOES database by TPIs in the past. Ofgem mentioned it was aware that there had been incidents when TPIs had cold-called using data, believed to be from ECOES, in order to get an agreement to a contract. [REDACTED].
29. Some suppliers mentioned overlap of ECOES database with data available through Midata and Quick Response (QR) codes.
30. First Utility said that while PCWs should be permitted to use MPAN and MPRN data, this would not necessarily require access to ECOES, as the outcome might be achieved through use of QR codes and the Midata programme.⁹⁰
31. E.ON argued that Midata contained MPAN data; and had the advantage of having tariff and usage data, as well as customer-led controls over access to their data, which ECOES did not have.⁹¹ RWE said that QR codes that were printed on bills also contained usage information.⁹²

Parties' views on the impact of PCWs access to ECOES on erroneous transfers and failed switches

32. We received mixed views as to whether PCWs access to ECOES would reduce the number of erroneous transfers and failed switches.
33. E.ON said that erroneous transfers covered both an incorrect sale to the right party (misspelling, late cancellation, customer changing their mind) and a transfer of the wrong party; but inaccurate information provided by third parties was a key driver of failed switches and erroneous transfers via TPIs.⁹³
34. SSE saw a higher rate of [REDACTED] PCWs than from any of its other direct customer acquisition channels. This change would allow PCWs to validate details such as customer address, supply number, meter serial number and meter type before passing the application to the supplier. This would ensure that customers received an accurate comparison and would reduce the number of failed switches, resulting in a more positive switching experience for more customers.⁹⁴

⁹⁰ First Utility response to Remedies Notice, p26.

⁹¹ E.ON response to Remedies Notice, p25.

⁹² RWE response to Remedies Notice, p43.

⁹³ E.ON response to Remedies Notice, p26.

⁹⁴ SSE response to Remedies Notice, pp27-28.

35. uSwitch, which used a third party data service to source meter numbers based on a customer's address, said that erroneous transfers could arise when incorrect meter numbers were returned for an address.⁹⁵
36. Some respondents said that the benefit would not be significant. EDF Energy said that it was because only [~~3~~] of applications it received from PCWs suffered from a meter number error or other data issue.⁹⁶
37. SSE submitted that erroneous transfer rate was low (industry average of 1% January to September 2014) compared to other industries, eg telecoms (7.3%).⁹⁷
38. Gocompare.com submitted that failed switches were not commonplace.⁹⁸
39. Ofgem submitted that before the licence modification of 1 September 2014 had come into effect, erroneous transfers made 1% of successful switches. The most recent data showed that it had fallen below 1%.⁹⁹
40. Scottish Power estimated that 50% of erroneous transfers, where it had been a gaining supplier, arose from incorrect MPANs or MPRSs, generally due to address mismatch; within this category, around 40% of erroneous transfers occurred because the customer had selected the incorrect address. It submitted that allowing PCWs to access ECOES would eliminate around 10% of erroneous transfers.¹⁰⁰
41. Energy Action Scotland said that there was little evidence that erroneous transfers and failed switches would be reduced, while such service provision would result in additional costs.¹⁰¹
42. There were also views that the potential benefit was unclear. Citizens Advice said that it was difficult to estimate, because of the lack of detailed information on the cause of erroneous transfers, and that evidence for PCWs' contribution to erroneous transfers was only anecdotal.¹⁰²
43. Further, RWE npower said that it did not report on how many erroneous transfers and delayed transfers were caused by the provision of poor data from the PCWs, and therefore was unable to comment quantitatively.¹⁰³

⁹⁵ uSwitch response to Remedies Notice, p14.

⁹⁶ EDF response to Remedies Notice, p17.

⁹⁷ EDF response to Remedies Notice, p17.

⁹⁸ GoCompare response to Remedies Notice, paragraph 3.1.

⁹⁹ Ofgem's additional submission, 28 August 2015.

¹⁰⁰ Scottish Power response to Remedies Notice, pp12-13.

¹⁰¹ Energy Action Scotland response to Remedies Notice, p5.

¹⁰² Citizens Advice response to Remedies Notice, p20.

¹⁰³ RWE response to Remedies Notice, p39.

44. Further, some parties said that there would not be a reduction in failed switches (Co-operative Energy¹⁰⁴, First Utility¹⁰⁵) or erroneous transfers (Centrica¹⁰⁶). First Utility said that this measure alone would not reduce failed switches or erroneous transfers, as data quality issues remained unaddressed.¹⁰⁷ Issues with data quality were also raised by SSE¹⁰⁸ and Utilities Savings¹⁰⁹, although they did not object to giving PCWs access to ECOES.

Parties view's on data protection

45. E.ON mentioned that the Master Registration Agreement (MRA) working group was exploring TPIs' access to ECOES and investigating data protection and information security requirements.¹¹⁰ RWE noted that the MRA Forum decided to postpone investigating giving TPIs direct access to ECOES as Ofgem was holding workshops to agree a TPI Code of Practice, which would include controls on how the data should be used ie for change of supply purposes only.¹¹¹
46. Some parties said that there would be no data protection issues. First Utility said that if access was limited to MPAN and MPRN only, there would not be a need for additional data protection measures, as PCWs handled personal data and would be aware of the requirements around it.¹¹² Gocompare.com argued that sharing the data could be done through an API feed, thus no personally identifiable data would have to be submitted.¹¹³
47. Other parties said that there had been past incidents and potential for data misuse by TPIs and provided suggestions regarding data protection measures if PCWs were to be given access to ECOES. In particular:
- (a) Citizens Advice and E.ON¹¹⁴ said that access to ECOES should be given to Code of Confidence accredited PCWs only.

¹⁰⁴ Co-op response to Remedies Notice, p7.

¹⁰⁵ Co-op response to Remedies Notice, p7.

¹⁰⁶ Centrica response to Remedies Notice, p58.

¹⁰⁷ In its response to the working paper on gas and electricity settlement and metering, First Utility submitted that the biggest driver of erroneous transfers was poor quality address data.

¹⁰⁸ SSE response to Remedies Notice, p28.

¹⁰⁹ Utilities Savings response to Remedies Notice, p7.

¹¹⁰ E.ON response to Remedies Notice, pp24-25.

¹¹¹ RWE response to Remedies Notice, p39.

¹¹² First Utility response to Remedies Notice, p26.

¹¹³ GoCompare response to Remedies Notice, paragraph 3.2.

¹¹⁴ E.ON response to Remedies Notice, p25.

(b) Co-operative Energy, RWE¹¹⁵, E.ON¹¹⁶, Scottish Power¹¹⁷ and National Energy Action said that PCWs would require customer permission to access their data via ECOES. Scottish Power said that suppliers could only see information relating to their own customers unless they warranted that they had the relevant consumer's permission; and PCWs would need to obtain permission from each consumer and be subject to the safeguards in MAP15¹¹⁸ to be able to access information on all consumers in the database.¹¹⁹

48. Some of the data protection issues identified by respondents relate to the way PCWs would access ECOES. Ofgem said that in the short term TPIs could access ECOES using suppliers' logins,¹²⁰ which remain responsible for the usage, although there were plans to change this to support this solution in future.¹²¹ RWE said that data protection measures depended on whether PCWs would be given access in their own right, or under licence of a supplier. RWE also said that in the latter case the supplier remained liable if PCWs did not protect personal data they had access to, and suggested that PCWs should have access in their own right and apply for access to ECOES by signing up to the MRA.¹²²
49. SSE said that PCWs would have to be approved by the Master Registration Agreement Executive Committee (MEC), which would be able to advise on specific data protection concerns of allowing PCWs access.¹²³
50. SSE¹²⁴ and Flow Energy suggested limiting the information that PCWs would access to the necessary minimum. RWE¹²⁵ and E.ON¹²⁶ mentioned the need to PCWs to be audited.
51. Information Commissioner's Office (ICO) said that ECOES data linked to a domestic property was likely to be personal data, even if the name of an individual living there was not known, because an organisation was still able to single out a particular property and make decisions or take actions that

¹¹⁵ RWE response to Remedies Notice, p39.

¹¹⁶ E.ON response to Remedies Notice, p25.

¹¹⁷ Scottish Power response to Remedies Notice, p13.

¹¹⁸ MAP15 sets out, among others, ECOES Technical Requirements, ECOES Data, ECOES Annual Audit; and procedure of the Application Process.

¹¹⁹ Scottish Power response to Remedies Notice, p13.

¹²⁰ Ofgem submitted that it was unclear whether it would be possible for the MRA to give PCWs direct access to ECOES as this would require a large-scale registration process and the system was designed for a small number of users (licensed suppliers and DNOs).

¹²¹ Ofgem response to Remedies Notice (Remedy 4), p2.

¹²² RWE response to Remedies Notice, p39.

¹²³ SSE response to Remedies Notice, p28.

¹²⁴ SSE response to Remedies Notice, p28.

¹²⁵ RWE response to Remedies Notice, p39.

¹²⁶ E.ON response to Remedies Notice, p25.

would have a direct effect on the resident of that property. It added that access to ECOES by PCWs would need to be compliant with the Data Protection Act. This included having a legitimate justification for accessing the information held on the ECOES database, and ensuring that individuals were made aware of what information was being accessed and why. ICO believed that PCWs would only be justified in accessing the ECOES database if it was as the result of a direct request from an individual for the PCW to facilitate switching to another supplier.¹²⁷

Parties' views on relevance of this remedy after the smart meter roll-out

52. uSwitch said that after the roll-out of smart meters there may be reduced need for access to ECOES by PCWs, as data access arrangements were not yet finalised.¹²⁸ Co-operative Energy said that PCWs access would be irrelevant as data could be accessed directly through the Data Communications Company (DCC).¹²⁹
53. However, most parties considered that access to this database would still be relevant after the roll-out of smart meters (eg E.ON¹³⁰, Scottish Power¹³¹, Utilities Savings¹³², RWE). RWE said that the DCC would still use a registrations feed directly from ECOES. Scottish Power said that PCWs would still need to check the address and meter type, and match the product.¹³³
54. Ofgem also said that there would still be need for a central database. It had decided that a centralised registration system for meter details across gas and electricity would be needed to deliver next-day switching but it had not specified how this would be set up.¹³⁴ As part of the next-day switching programme, Ofgem would examine if there should be a single online enquiry service operated by the DCC, when it takes over registration responsibilities, and which parties (including TPIs) should have access to each data item and when.¹³⁵

¹²⁷ Information Commissioner's Office response to Remedies Notice, paragraph 59.

¹²⁸ uSwitch response to Remedies Notice, p15.

¹²⁹ Co-op response to Remedies Notice, p7.

¹³⁰ E.ON response to Remedies Notice, p26.

¹³¹ Scottish Power response to Remedies Notice, p13.

¹³² Utilities Savings response to Remedies Notice, p7.

¹³³ Scottish Power response to Remedies Notice, p13.

¹³⁴ Ofgem's response to Remedies Notice (Remedy 4), p3.

¹³⁵ Ofgem (2015), *Moving to reliable next-day switching – Target Operating Model and Delivery Approach*, p18.

Additional evidence

55. Since we published our provisional findings and Remedies Notice, we have requested additional information from PCWs and the administrators of ECOES and SCOGES.
56. We asked PCWs whether they had ever applied or considered applying to obtain access to ECOES and SCOGES. Only one PCW, uSwitch, has made a written application to access both databases. It applied to obtain access to SCOGES in July 2011. Its application was rejected on the grounds that the Uniform Network Code does not allow the release of information to a non-Uniform Network Code party. The other application to the ECOES database was submitted recently and is currently being processed by the MRA Executive Committee. uSwitch also said that it had previously enquired about access to ECOES but it was made clear to it that previous applications from PCWs had been rejected on each occasion. Along with the rejection of SCOGES application, this deterred uSwitch from formally applying for access to ECOES until recently.
57. Make It Cheaper said that it had applied for access to ECOES in 2007/08 but its application was rejected. It was unable to provide us with records of the application and reasons for the rejection.
58. EnergyHelpline said that it had considered applying to the ECOES database and made three enquires over the last five years, with the last one about a year ago. It spoke verbally to the administrator of ECOES and was told that as it was not a supplier it did not qualify for access. It also enquired three times in the last five years in relation to access to SCOGES database.
59. Other PCWs did not consider applying to obtain access to ECOES as they used a white label solution provided by EnergyLinx and EnergyHelpline.
60. Most PCWs submitted that they were currently using a third party data provider, GB Group, to retrieve MPAN and MPRN information on behalf of customers in the switching process. They highlighted that there were some differences between ECOES/SCOGES and the GB Group database. ECOES/SCOGES were generally considered more accurate and up-to-date than the GB Group database.
61. uSwitch said that GB Group data provided meter numbers based on an address, but coverage was limited to approximately 90% of GB and that this meant that 10% of customers were required to enter their meter number manually to complete their application. It said that this could act as a barrier to switching as consumers could find it difficult to identify and gather these details. This issue was compounded by the complexity of energy bills. It found

that asking someone to manually input these details reduced their likelihood of completing their switch application by around [REDACTED].

62. uSwitch added that in some cases the postcode list in the GB Group database was out-of-date and an energy region could not be sourced and that this meant that some customers would be unable to progress beyond the uSwitch homepage. uSwitch estimated that approximately 1 to 2% of customers attempting to use its website would be unable to get a quote due to errors caused by this incomplete postcode data.

63. uSwitch stated that:

Giving TPIs access to the same data as suppliers must add efficiencies to the process for suppliers and provide a smoother switching journey for consumers. It will also reduce costs for PCWs allowing them instead to spend more on innovation to help consumers better engage with the market.

[REDACTED].

64. We asked the administrators of ECOES, Gemserv, and of SCOGES, Xoserve whether there is any legal requirement or other barriers preventing PCWs from accessing these databases.

65. Gemserv told us that any PCW could apply for access to ECOES and that there was [REDACTED]. It also said that it had received only one application from a PCW over the last few years but the application was incomplete and the PCW never provided the additional information required for it to be able to process the application.¹³⁶

66. Xoserve said that it did not have any record of PCWs' applications for access to the Data Enquiry Service. It added that access was governed by the SPAA industry code¹³⁷ which sets out the rules and process for 'Other Users Access'. It did not comment on whether PCWs could be granted access to the database.

Number of tariffs in 'Top 10' displays that are fulfilable

67. The table below sets out monthly information provided by Ofgem on the number of dual fuel tariffs in 'Top 10' displays that were fulfilable via the PCW for the period starting January 2015.

¹³⁶ Meeting with Gemserv

¹³⁷ Schedule 23, Section 7.

Table 1: Number of dual fuel tariffs in 'Top 10' displays that were fulfilable via the PCW for the period starting January 2015

Tariff type	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan -16
						[X]					
DD	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
SC	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
PPM	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
						[X]					
DD	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
SC	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
PPM	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
						[X]					
DD	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
SC	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
PPM	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
						[X]					
DD	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
SC	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
PPM	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
						[X]					
DD	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
SC	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
PPM	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

Source: Ofgem.

Note: DD = direct debit, SC = standard credit, PPM = prepayment meter.