



Ofgem-BEIS Independent Suppliers Forum

Rachel Clark, Ofgem

Thursday 16 February 2017

ofgem

Introduction from chair

Rachel Clark (Ofgem)

Time	Topic	Speaker	Applies to
9:30	Arrival – tea and coffee available		
10:00	Introduction from the chair	Rachel Clark (Ofgem)	All
10:20	Update on switching reform packages and switching RFI	Rachel Clark / Andrew Wallace (Ofgem)	All
11:00	New ways of working with the Ombudsman	Phil Sumner (Ofgem) and David Pilling (Ombudsman)	All
11:15	Plans for mandatory half-hourly settlement	James Earl and Chloe Haseltine (Ofgem)	All
11:40	Departmental priorities for energy markets	John Fiennes (BEIS)	All
12:00	Networking lunch (1hr)		

Time	Topic	Speaker	Applies to
13:00	Future retail market regulation – proposed reforms to the Standards of Conduct	Andrew Thomsen (Ofgem)	All
14:00	Sales and Marketing – Key messages from enforcement and compliance activity	Steve Bass and Andrea Gregory (Ofgem)	All
14:20	Project Nexus update	James Soundraraju (Ofgem)	Gas-only suppliers
14:40	Engaging small suppliers in the energy customer database	Deborah Owens (Ofgem)	Domestic
15:00	Ofgem’s prompts to engage programme	Alex Tyler and Fiona Cochrane-Williams (Ofgem)	Domestic
15:15	Social Obligations Report	Michal Frances (Ofgem)	Domestic
15:35	Coffee break (15 mins)		

Time	Topic	Speaker	Applies to
15:50	Introduction to National Energy Action (NEA) – how we can work in partnership to help your vulnerable customers	Peter Smith and Maria Wardrobe (NEA)	Domestic
16:10	Credit loss during a smart prepayment meter change of supplier process	Elena Iolovska and Jeremy Adams-Strump (Ofgem)	Domestic
16:40	Midata consultation update	Dave Newton and Anju Sharda (BEIS)	Domestic
17:10	Closing remarks	Rachel Clark (Ofgem)	All

Update on Switching Programme (Ofgem)

Rachel Clark

Rachel.Clark@ofgem.gov.uk

Andrew Wallace

Andrew.Wallace@ofgem.gov.uk

- Background on the strategic outline case (SOC)
- Explain the three reform packages
- Review key impacts for suppliers
- Review Ofgem's request for information
- Detailed Level Specification Phase

- A strategic business case using HM Treasury five case model
 - Published on 19 Jan 2017
 - Developed with stakeholder input
 - Sets out three reform packages
 - We are now requesting information to assess packages
 - Aim to consult on a preferred option in Aug 17 with decision end 17
-
- To support the RFI, the SOC provides the following key elements:
 - Economic Case (Chapter 3 and 4)
 - Reform packages (Appendix 1)
 - Business Process Modelling (Appendix 2)
 - Data architecture (Appendix 3)
 - Reform package spreadsheet (Appendix 4a)

The thumbnail shows the cover of the business case document. It features the ofgem logo at the top left, followed by the text 'Switching Programme: strategic outline case'. Below this is a dark blue header with the text 'Business case'. At the bottom, there is a table with contact information.

Publication date:	19 Jan 2017	Contact:	Rachel Clark
		Team:	Switching Programme
		Tel:	020 7901 7371
		Email:	switchingprogramme@ofgem.gov.uk

Overview:

We want to enable consumers to switch their energy supplier reliably and quickly, including by the next day if they choose, by simplifying and harmonising the gas and electricity switching arrangements in a cost-effective manner.

Over the past year, we have led a series of industry working groups that have developed options for reforming the existing switching arrangements. These working groups have considered a wide range of issues related to the design and implementation of a new set of switching arrangements.

We have now developed a shortlist of reform packages. These range from making improvements to industry processes supported by the existing systems, to creating new central systems, providing harmonisation of the gas and electricity switching arrangements. This shortlist of reform packages will be the focus of our analysis going forward.

This business case is an important step in the development of the new switching arrangements. It sets out a blueprint design baseline for the short-listed reforms, on which we will now carry out a rigorous cost-benefit analysis. This will allow us to determine the option that represents the best value for money for consumers and society as a whole. The business case will expand and evolve in future as we develop our preferred reforms and further refine our intended policy, delivery and commercial arrangements.

DO NOTHING

No system or process changes

No improvement to reliable switching

21 day switch

OPTIMISE EXISTING

Use existing systems

Address matching to improve reliability

Key process changes (harmonised where possible) to deliver 3 to 7 day switch

MAJOR REFORM

New central switching service (core data)

Enduring reliability improvement to MPxN/address data

Harmonised and simplified next day switching process

FULL REFORM

New central switching and market intelligence services

Enduring reliability improvements, and improved access to broader range of switching data

Harmonised and simplified next day switching process

Potential consumer benefits

Scale of challenge

Optimise existing – RP1	Major Reform – RP2	Full Reform – RP3
<ul style="list-style-type: none"> • Objections window reduced to 1WD • Gas confirmation window reduced to 1WD <p>All packages</p> <ul style="list-style-type: none"> • Supply point nomination data accessed from Xoserve via API • Suppliers support ‘equivalent terms’ for cooling off returns • MPxNs matched to GB address list • MPRS modified to handle: Related MPANs; import/export; dom/non-dom • MAP ID maintained in UKLink and MPRS (and MAPs notified at switch) • API access to enquiry services (for RP1 and 2 this is ECOES & DES) • MAM unbundled to MOP and MAP • Harmonisation of advance registration and standstill periods 	<ul style="list-style-type: none"> • As for RP1, apart from... • New Centralised Switching Service (CSS) • MPRS and UKLink modified to interface with CSS and to remove switching functionality • Supplier led gas switching • Losing suppliers respond instantly to objection requests • MPxNs linked via GB address register • Shipper and agent IDs recorded in CSS - (MOP, DA, DC, MAM, MCP, MAP) • CSS notifies supplier and agents of confirmed and executed switch. Used for agent appointment • Calendar day switching (CSS, supplier objections 24x7) 	<ul style="list-style-type: none"> • As for RP2, plus... • New Market Intelligence Service (MIS) – all switching, meter point, settlement and meter asset data (incl. smart) accessed via MIS • ECOES and most of DES are withdrawn • MPRS modified to handle MTDs • All relevant transactions carried over single network • MIS available 24x7

Cooling off (all)

- *Variation 1*: No requirement for Supplier A to offer equivalent terms

Objections (RP2)

- *Variation 1*: For RP2, CSS manages central objections database
- *Variation 2*: Compressed window of 5 hours
- *Variation 3*: Longer switch period for non-domestic

End of next day switching (RP2)

- *Variation 1*: Longer objection period
- *Variation 2*: Longer period between gate closure and switch

Calendar days vs working days (RP1)

- *Variation 1*: Operate on calendar day basis

Enquiry service (RP3)

- *Variation 1*: MIS developed and operated by Gemserv/Xoserve

Quick wins

- *Variation 1*: implement 1 day objections and cooling off changes in Nov 18

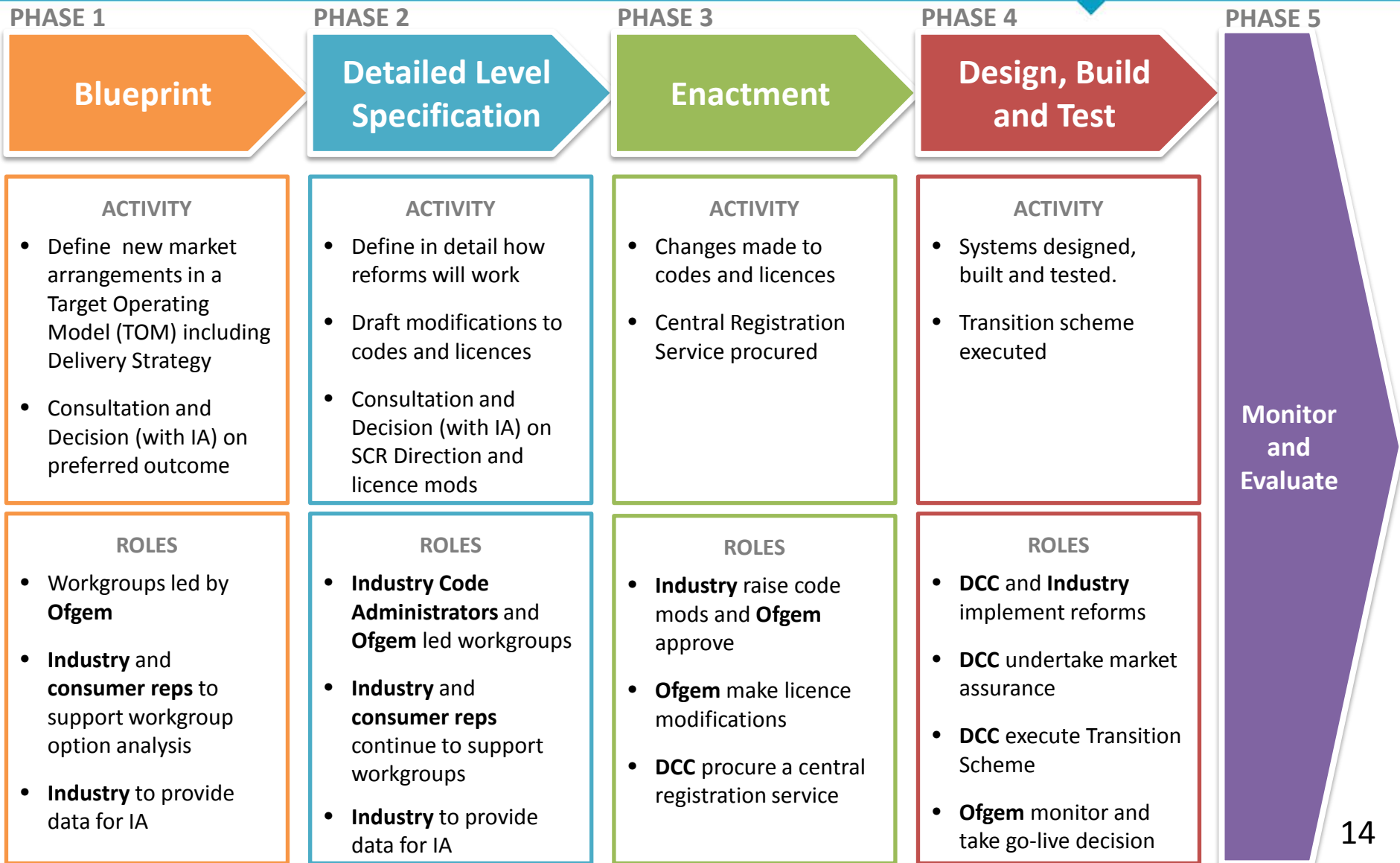


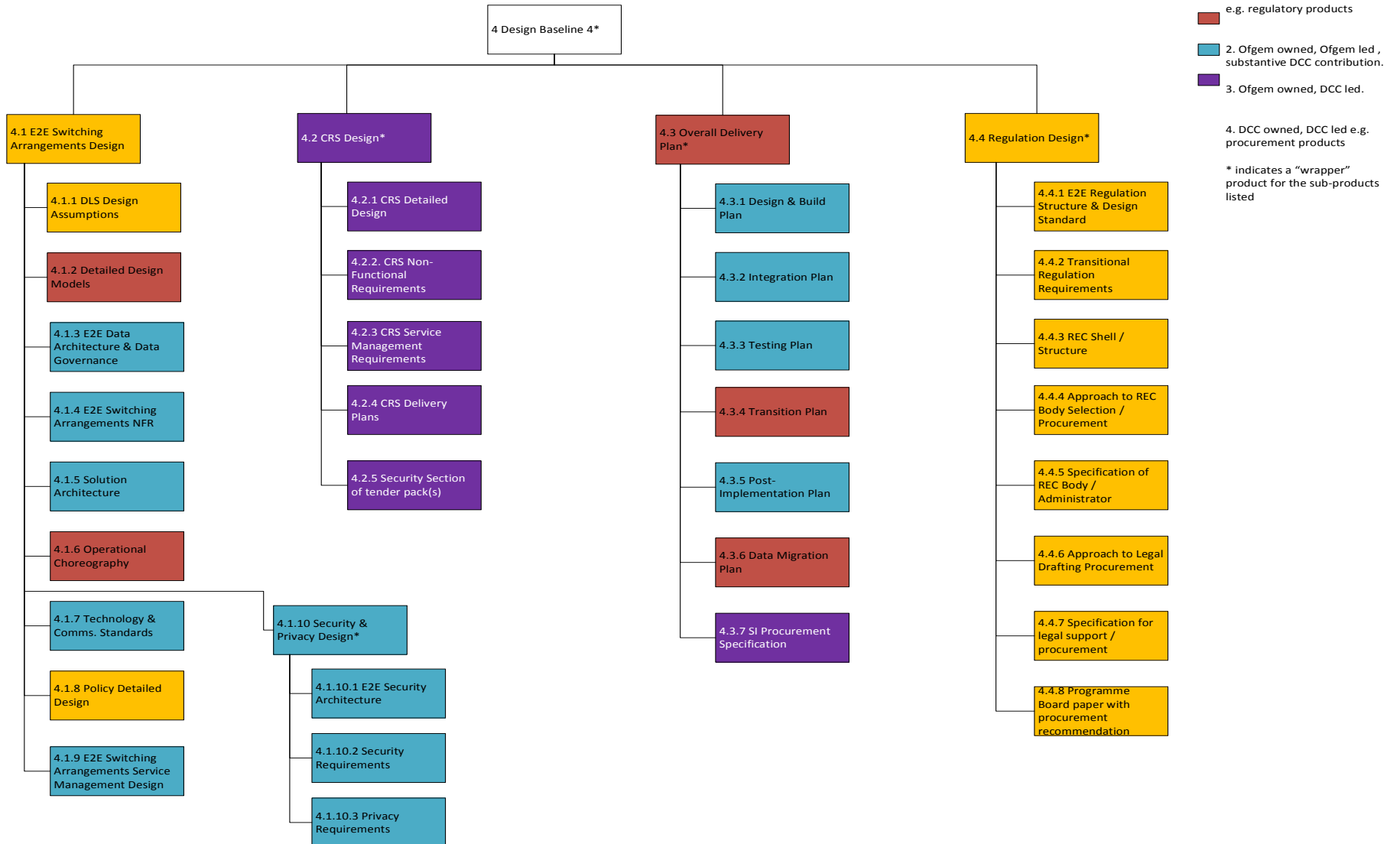
- Issued to suppliers on 19 Jan alongside SOC
- Large suppliers received a mandated request. Mid-tier supplier suppliers received a request which mandated certain elements. Other suppliers received a voluntary request
- Response requested by 2 March
- RFI focuses on the following impact areas for suppliers
 - Contracting and preparatory work prior to switching request
 - Interaction with switching service
 - Other activity around the switch
 - Post switch activity
 - Delivery
 - Additional questions

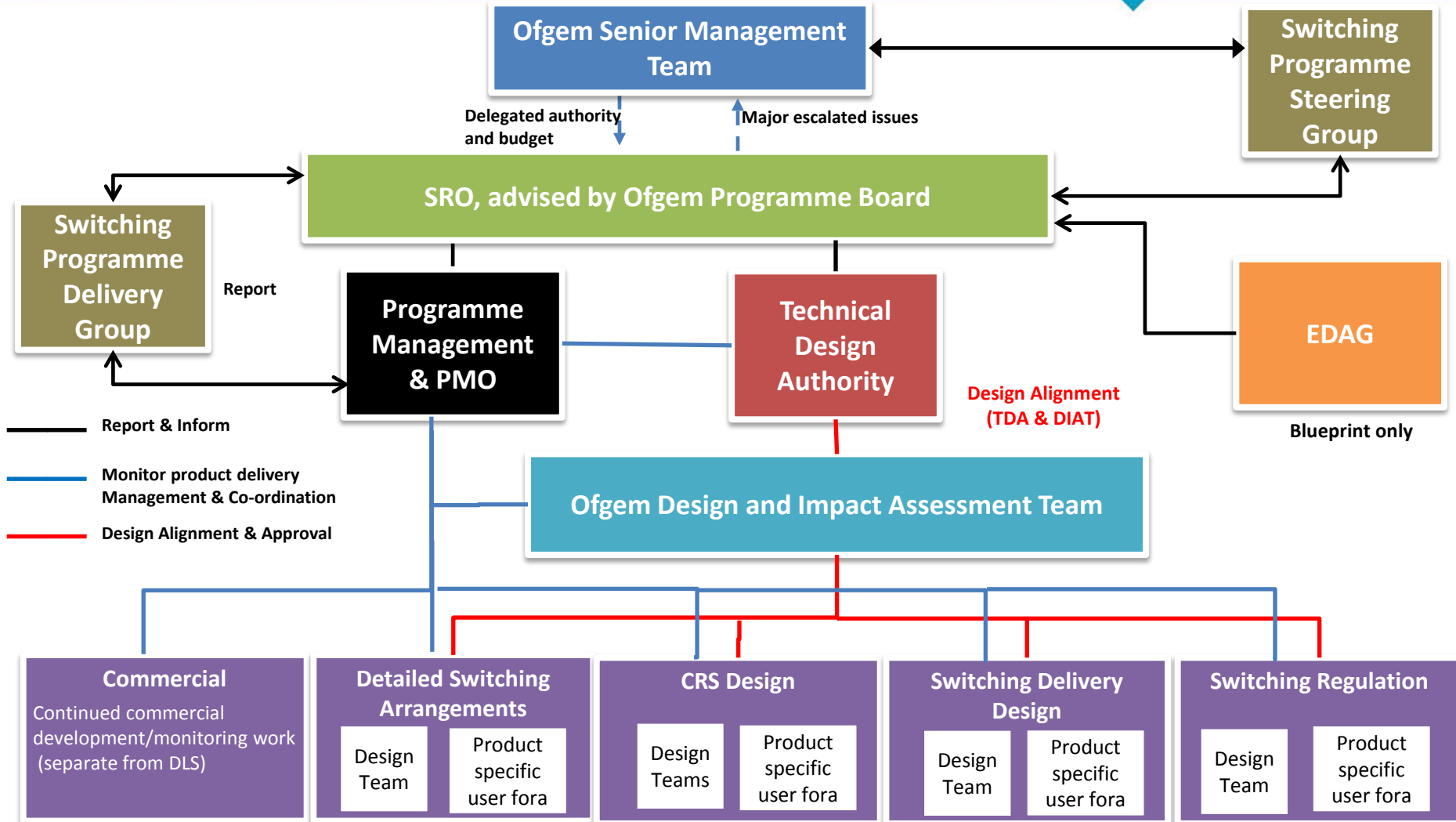
- We want your responses!
- This is an important opportunity for us to understand and respond to the impacts of our proposals on your businesses
- We have contacted suppliers to understand likely response rate
- We asked for any clarification questions to be sent to us by 10 February and will summarise and publish responses (we will add any relevant points from today's Q&A session as well)
- If you have any other questions on the RFI not covered today, please contact:

Andrew Wallace (andrew.wallace@ofgem.gov.uk, tel: 020 7901 7067)

Pooja Darbar (pooja.darbar@ofgem.gov.uk, tel: 020 7901 7499)









Welcome any questions on the
SOC, RFI, DLS Phase or next steps



The Energy Ombudsman



David Pilling, Ombudsman Services
Phil Sumner, Ofgem

Developing the Energy Ombudsman

July 2015 – Lucerna Review – published 23 September 2015

Renewed government focus on energy ombudsman

November 2015 – Energy roundtables

Ofgem/Ombudsman Joint Working Group

Ways of
working

Sectoral
Comparators

KPI

Data and
insights

High Impact
Events

Complaints to the Ombudsman

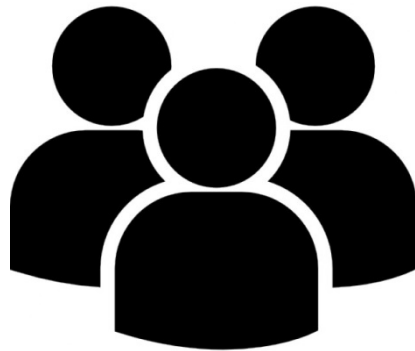
Complaints resolved by Energy Ombudsman

Q3 2015



12,358

Q3 2016



10,504

Good news – total complaint numbers are going down



However, varied across providers, with some suppliers seeing increases.



Working with suppliers



Support from OS:E on improving the customer journey / complaints handling.

Customised approach for suppliers

Appropriate framework

Collaborative discussions

Plan activities

Engagement and next steps...

Engagement with key stakeholders.

Discussion workshops and feedback.

Customised approach for individual companies.

Piloting ideas – flexibility/innovation

Timing – currently analysing feedback and more feedback welcomed. 2017 implementing all work streams.

Links with other developments in the sector.

To discuss further please contact David Pilling at:

dpilling@ombudsman-services.org

Mobile: 07713 977968

Visit our website:

www.ombudsman-services.org

Find us on LinkedIn:

<http://www.linkedin.com/company/ombudsman-services>

Follow us on Twitter:

@OmbudServices

Plans for half-hourly settlement (Ofgem)

James Earl and Chloe Haseltine
HalfHourlySettlement@ofgem.gov.uk

- Smart meters can record the amount of energy consumed within every half-hour of the day so they enable the possibility of ‘half-hourly settlement’ (or simply ‘HHS’)



- HHS will expose the true cost of supplying a customer in any given half-hour, putting incentives on suppliers to help customers move their consumption to periods when electricity is cheaper.

- HHS is a key enabler of a smart, flexible energy system by creating the right environment for more demand-side response and innovation.
- The CMA found that the absence of a firm plan for moving to HHS gives rise to an Adverse Effect on Competition through the distortion of suppliers' incentives to encourage their customers to shift their consumption.

Elective

Removing barriers to make HHS for smaller domestic and non-domestic customers cost-effective on an elective basis.

Mandatory

We expect that we will need to mandate all suppliers to settle their customers on a half-hourly basis to realise the full benefits. We are taking this work forward through a Significant Code Review, with working groups this year to work through the issues.

Medium and large business users

HHS for Profile Classes 5-8 by 01 April 2017 through P272.

- We consulted on the plan to move to mandatory HHS in Nov 2016 and 32 responses are now published on our website.
- We will be assessing the take up of elective to inform work on mandatory.

Mandatory Half-Hourly Settlement: aims and timetable for reform

Consultation

Publication date: 11 November 2016
Response deadline: 06 January 2017

Contact: James Earl, Senior Policy Manager
Team: Settlement Reform
Tel: 020 7901 7000
Email: HalfHourlySettlement@ofgem.gov.uk

Stakeholders told us that the volume of concurrent industry change will affect industry capacity to engage with and implement HHS.

There were a variety of views on the best ways for us to engage with different stakeholders.

- **Working groups to focus on policy issues work well**
- **Use a mix of communication tools (consultations, workshops, working groups etc.)**
- **Transparency is key**

- The diversity of suppliers is important and we know that HHS needs to support traditional, innovative and emerging supplier models.
- Ongoing industry engagement will involve a mix of methods but we want to know what works for you...



- What could we do to make it easiest to engage and make progress?
- Current resources and capacity to participate
 - What level of input would you like to have?
 - How do you like to receive information or provide input? Which sources/methods work?
- We know not everyone can attend every meeting
 - How can the diversity of suppliers be represented in working groups? Do they need to be?
 - How do we make sure the resolutions developed by a working group, work for everyone?

- Ofgem response to the consultation setting out a revised plan based on stakeholder feedback.
- Launch of Significant Code Review setting out the scope of the issues.
- Working groups to start after the launch of the Significant Code Review.
- Impact Assessment developing this year, with a Request for Information for data to help us assess costs and benefits.

- If you have further views on the best methods for stakeholder engagement, or just want to contact us on the project more generally, please email the Settlement Reform team at HalfHourlySettlement@ofgem.gov.uk
- If you are looking to take up elective HHS or would like to know more, please get in touch with Martin Bell at martin.bell@ofgem.gov.uk
- All of our consultations and publications can be found on our webpage <https://www.ofgem.gov.uk/electricity/retail-market/market-review-and-reform/smarter-markets-programme/electricity-settlement>

Specific contacts:

- Anna Stacey – Head of Settlement Reform and lead on HHS for Profile Classes 5-8 (P272) anna.stacey@ofgem.gov.uk
- Martin Bell – lead on elective HHS martin.bell@ofgem.gov.uk
- James Earl – Project Manager and lead on mandatory HHS Impact Assessment james.earl@ofgem.gov.uk
- Jenny Banks – policy lead on mandatory HHS jenny.banks@ofgem.gov.uk32

Departmental priorities for energy markets

John Fiennes

John.fiennes@beis.gov.uk

Lunch

12:00 – 13:00

Future of retail market regulation – current consultation proposals

(Ofgem)

Andrew Thomsen

FutureRetailRegulation@ofgem.gov.uk

1. **Current consultations and upcoming engagement**
2. **Operating a more principles-based regime**
3. **Proposed changes to the Standards of Conduct**
4. **Workshop discussion – we want to hear your views on:**
 - Proposed changes to the *Fairness Test* in the domestic and non-domestic Standards of Conduct
 - Proposed removal of *all reasonable steps* from the domestic and non-domestic Standards of Conduct

- Challenge Panel report published 30 January –
feedback to Panel attendees currently taking place
- All-day stakeholder workshop on our consultations to
be **held on 28 February (limited spaces still available)**
- Statutory consultation on SLC 25 “informed choices”
principles **closes on 6 March**
- Policy consultation on Standards of Conduct and SLC 5
proposals **closes on 13 March**

***These are
important
opportunities to
feedback on our
proposals. We
want to hear
what you think.***

Our ambition

Create a retail energy market where competition constrains prices, drives efficiency and delivers the quality of service and products that customers need and expect from an essential service.

Our objectives, and how they relate to Independent Suppliers

- Allow more room for suppliers to compete and innovate. **We are seeking to free up the ability of suppliers to compete for customers by offering new products/services.**
- Provide effective protection for consumers in a rapidly changing market. **This should boost the trust consumers have in the market and increase their willingness to engage.**
- Put responsibility firmly on suppliers to deliver good consumer outcomes. **Relying more on outcomes-based principles, rather than prescriptive rules, should mean suppliers spend less time “ticking boxes”.**

To deliver our ambition and objectives we have been making changes to:

- How we **engage with suppliers** to help them understand and apply our principles in their businesses – this will help develop a more consumer centric culture in the industry.
- The way we **monitor the market** so we are better able to spot and react to problems quickly.
- The way we **work with suppliers to ensure compliance** as we rely more on principles – while remaining ready to act quickly where necessary.



Change

Outcomes

Trust

Applying principles proportionately



- **As per our Better Regulation duties, we will continue to apply principles proportionately.** Proportionality is especially important if suppliers are to have the confidence to innovate as we remove prescription from the supply licence.
- **We recognise that things may sometimes go wrong, and our proposals are neither designed nor intended to result in enforcement action every time we see a negative consumer outcome.** As per our Enforcement Guidelines, we will not usually to take enforcement action in response to isolated consumer complaints, unless there is evidence of systemic failings.
- **Suppliers should be able to detect problems of a systemic scale early, tell us about the problem and act promptly to put things right for their customers.**
- **We have a strong track record of applying the Standards of Conduct, and other rules, proportionately.** Our focus is guided by our analysis of consumer detriment. In the 12 months ending September 2016, we successfully resolved over 200 compliance issues through bilateral engagement with suppliers.

Standards of Conduct proposals



CURRENT DOMESTIC STANDARDS OF CONDUCT

Suppliers and any Representative treat each domestic customer "fairly"

Actions or omissions would not be "fair" where they:

- Significantly favour the interests of the licensee; and
- Give rise to a likelihood of detriment to the domestic customer

Standards that relate to :

- Behaviour
- Information provision
- Customer service

Suppliers must take all reasonable steps to achieve the standards and interpret and apply them in a manner consistent with the Customer Objective.

PROPOSED CHANGES

Suppliers and any Representative treat each domestic customer "fairly", **including each domestic customer in a vulnerable situation.**

Dom only

Actions or omissions would not be "fair" where they **give rise to a likelihood of detriment, unless the detriment would be reasonable in all the relevant circumstances.**

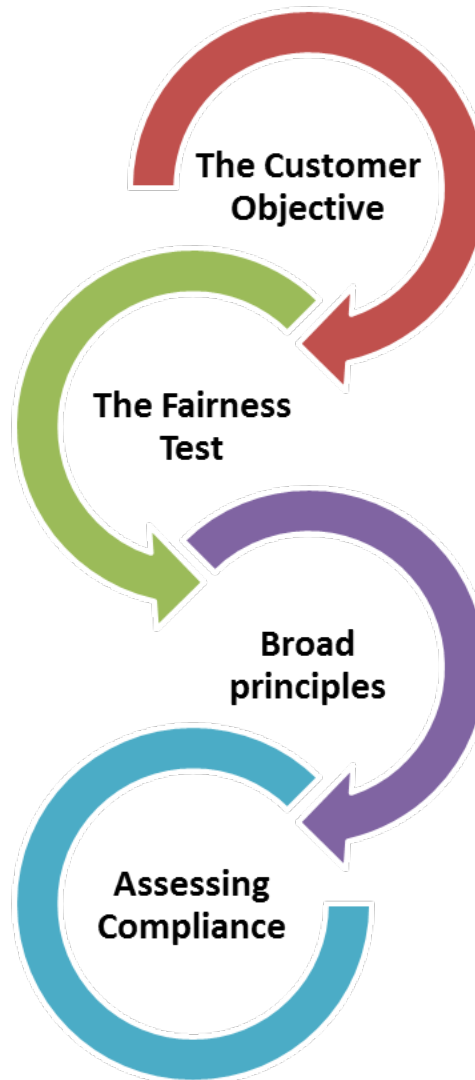


Standards that relate to :

- Behaviour
- Information provision
- Customer service
- **Enabling customers to make informed choices**
- **Identifying and responding to the needs of vulnerable customers**

Dom only

Suppliers must **achieve, interpret and apply the Standards in a manner consistent with the Customer Objective.**



Today, we are in listening mode. Please engage in discussion at your tables on the below topics. At the end of the session, each table should list the **top 3 issues of interest based on our proposals.** This will help shape the content covered at our 28 February workshop.

Fairness Test

- Is the revised *Fairness Test* clear?

All reasonable steps

- Do you think it is appropriate to place greater emphasis on consumer outcomes when assessing compliance with the Standards of Conduct?
- How does removing “*all reasonable steps*” from the Standards of Conduct affect your business?

- Please get in touch if you would like to discuss our proposals.

FutureRetailRegulation@ofgem.gov.uk

- If you have not already, please confirm your attendance at our 28 February workshop.

Sales and Marketing – Key messages from enforcement and compliance activity (Ofgem)

Steve Bass

Stephen.Bass@ofgem.gov.uk

Andrea Gregory

Andrea.Gregory@ofgem.gov.uk

Laila Benfaida

Laila.Benfaida@ofgem.gov.uk

Why listen to this presentation

- We are seeing a return to direct selling, including face to face
- We recognise this can be a way to engage consumers who wouldn't otherwise switch
- This could support competition in the market, and can drive positive brand development and innovative offerings
- But the risks are high – high media interest and consumer detriment if things go wrong – potential for backlash to hit all independent suppliers
- We set out here lessons-learned from past experiences, including what has tripped-up suppliers in the past and what worked well
- We are consulting on principles which firmly place the onus on you – the suppliers – to place the consumer at the heart of your sales channels and get this right

Face to face sales

- Face to face selling requires robust quality assurance measures, with a focus on facilitating consumers to make informed choices
- This is an area in which suppliers have historically encountered problems, to the extent that Ofgem has intervened by using its enforcement powers
- The retail market landscape has evolved significantly in the last few years. We want to ensure that past lessons have been learned, and that negative outcomes for consumers are avoided

UNCLEAR COMMUNICATIONS

SLOW TO RESPOND

HIGH PRESSURE SALES TACTICS

MISREPRESENTATION BY SALES AGENTS

MISLEADING COMPARATIVE SAVINGS CLAIMS

INADEQUATE TRAINING

FAILURE TO SELF REPORT

POOR MONITORING OF 3RD PARTY AGENTS

Past investigations – financial penalties





Lessons learned

On 8 March 2017, Ofgem published a [report](#) on lessons learned from enforcement and compliance activity, in relation to sales and marketing.



Building consumer confidence

We would like suppliers to consider:

- What is the impact on the consumer?
- How am I taking into account the needs of vulnerable customers?

We encourage suppliers to look for opportunities to innovate and deliver better consumer outcomes.

Engagement with us

- We want to make sure all suppliers are clear about what is expected of them
- We ask that when market participants identify issues with compliance, they inform us at the earliest opportunity, with an action plan to resolve the issue and put things right quickly for their customers
- The 2016 Challenge Panel report contains examples of good practice in sales and marketing, and where we think there is room for improvement
- On face to face selling, we particularly welcome engagement and will be looking for further opportunities to interact with suppliers

Q and A



Stephen.Bass@ofgem.gov.uk
Andrea.Gregory@ofgem.gov.uk
Laila.Benfaida@ofgem.gov.uk

Project Nexus update (Ofgem)

Jon Dixon

Jonathan.dixon@ofgem.gov.uk

- We are on target to deliver new central gas systems - Project Nexus – on **1 June 2017**
- Today, I will briefly run through:
 - How Nexus fits in with our wider gas settlement reforms and CMA remedies
 - Changes to the requirements around meter read submission
 - How your (or your shippers) choice of settlement product may impact costs
 - The timing of the cutover to new systems
 - What Nexus means for switching IGT connected customers

Nexus is part of wider reform of gas settlement



Remedies: Address
the processes,
systems and rules
around settlement
activity

Project Nexus

- New IT systems and business rules to allow for smart meter readings and remove gaming risks. Also aligns IGT SPA processes

Outcome: Increased
competition through
improved cost
allocation in gas
settlement processes

Performance Assurance Framework

- New function to oversee and incentivise compliance with new rules

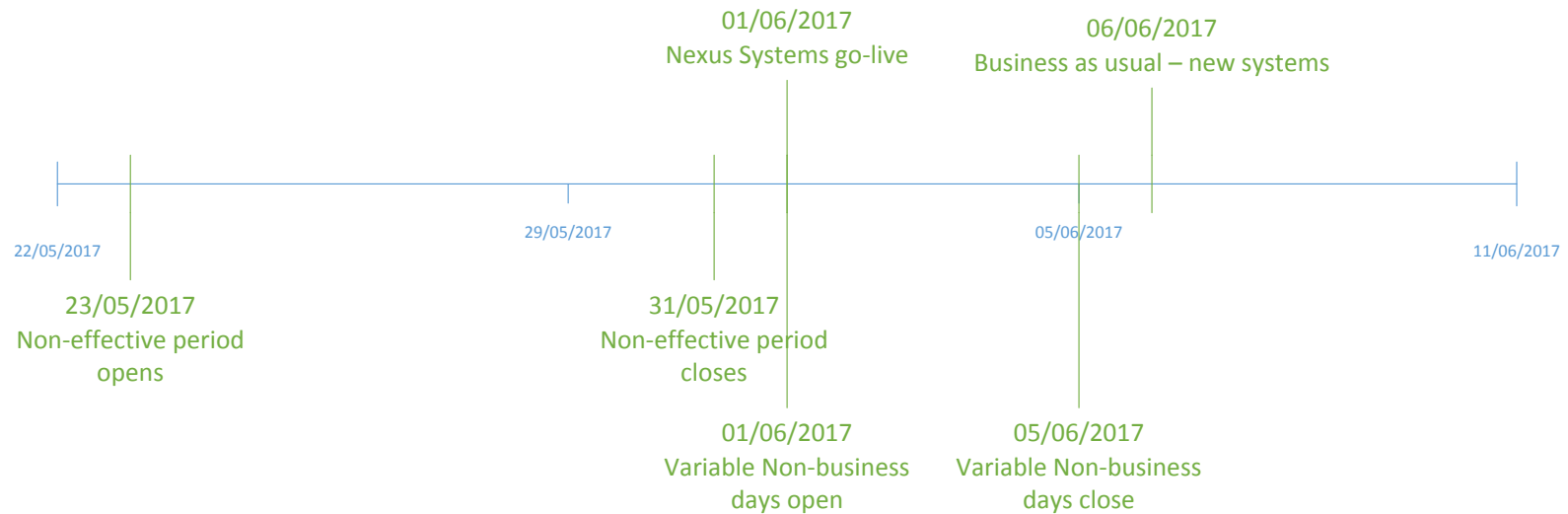
Gas Meter Reads

- New obligations to submit regular readings, for classic and smart meters

Product Description	Day Ahead Gas Nomination	Process for initial allocation	Process for energy balancing close out	Read submission timescales	Read submission target	Max read submission	AUGE Proposed Unidentified Gas allocation factors (EUC1 only)
1) Daily Metered time critical readings	Shipper nomination	Shippers daily read	Daily read	By 11 am on Gas Day +1	97.5% daily target	N/A	0 (N/A)
2) Daily Metered non-time critical readings	Shippers nomination	GT estimate (unless read received <11am)	Daily read	By end of Gas Day + 1	97.5% daily target	N/A	5.10
3) Batched daily readings	GT nomination	Allocation process (profile)	Allocation process	In batches to agreed frequency (up to 1 month)	90% monthly target	Daily	5.10
4) Periodic readings	GT nomination	Allocation process (profile)	Allocation process	To agree frequency	Monthly: 90% month; Annual LSP: 90% year Annual SSP: 70% year	Annual LSP: >14 days; Annual SSP: >25 days	11.12

CMA (Gas Settlement) Order now requires at least one read into settlement each year – UNC modification in progress

Likely that Product 4 will pick up more cost



- Nexus systems scheduled to go-live 1 June 2017
 - Preceded by 9 non-effective days
 - nothing to be sent to Xoserve later than 22 May
 - Followed by 3 variable non-business days
 - essentially extending the ‘weekend’ catch-up from 1 to 5 June
 - Business as usual from 6 June
 - Individual shippers may take their systems down earlier – if you use a third party shipper, confirm their transition plans
 - It may be helpful to avoid any non-time critical transactions over this period

Reminder:

- Gas Suppliers Licence Condition 22: “**Duty to offer and supply under Domestic Supply Contract**” applies equally to IGT connected consumers;
- With the implementation of Project Nexus, supply point administration arrangements, including those for customer switching, will be the same for IGTs as they are for the larger networks;
- There should be nothing to inhibit you from acquiring IGT connected consumers – if there is, let us know!

Project Nexus baselined business requirements: <http://gasgovernance.co.uk/nexus/brd>

CMA Gas Settlement Order (requirements for meter read submission) and explanatory notes:

<https://www.gov.uk/cma-cases/energy-market-investigation>

UNC602 - introduction of non-effective period for Nexus cutover (decision letter will be posted here imminently):

<http://gasgovernance.co.uk/0602>

Allocation of Unidentified Gas Expert (AUGE) proposal for 2017/18 allocation:

<http://www.gasgovernance.co.uk/augenex/1718>

If you have any questions, please email: Jonathan.dixon@ofgem.gov.uk

Engaging small suppliers in the energy customer database service (Ofgem)

Deborah Owens

databaseremedy@ofgem.gov.uk

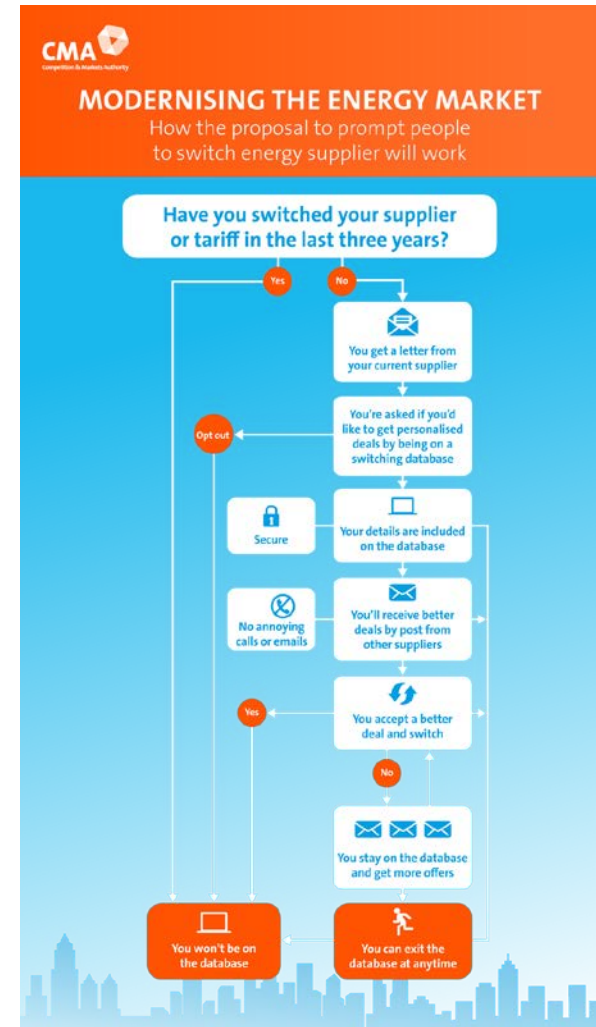
- CMA review
- Our Approach
- Discovery
- Alpha including Small Scale Trial
- Security & technology
- What next?

The database remedy targets the most disengaged domestic and micro-business customers:

- Customers on a default tariff for three years or more
- Receive personalised, bespoke postal marketing from rival energy companies
- They can opt out at any time
- The database will be closely managed by Ofgem

- Ofgem committed to testing and trialling the new service to ensure it works for consumers

- Database Order gives Ofgem more flexibility in how the database could be used



This remedy is about increasing **consumer engagement**.

Research to understand more about consumers:

- What makes people tick?
- Why don't they engage at the minute?

So we can **design a service** that works for them.

Users of the service are both consumers and suppliers.

Taking an **agile** approach to the project.

Discovery Phase

- Identify and understand the needs of consumers - why people think, feel and behave like they do
- Design services that meet these needs

How?

- 34 one-to-one interviews in Manchester, Llandudno, Newcastle, London, and Sheffield
- Understanding attitudes and behaviours to how they buy energy (including switching)
- 74 consumers in 4 customer panels in Stirling, Newcastle, Llandudno and Guildford
- Exploring reactions to the CMA proposal

Alpha

- initial development of the service

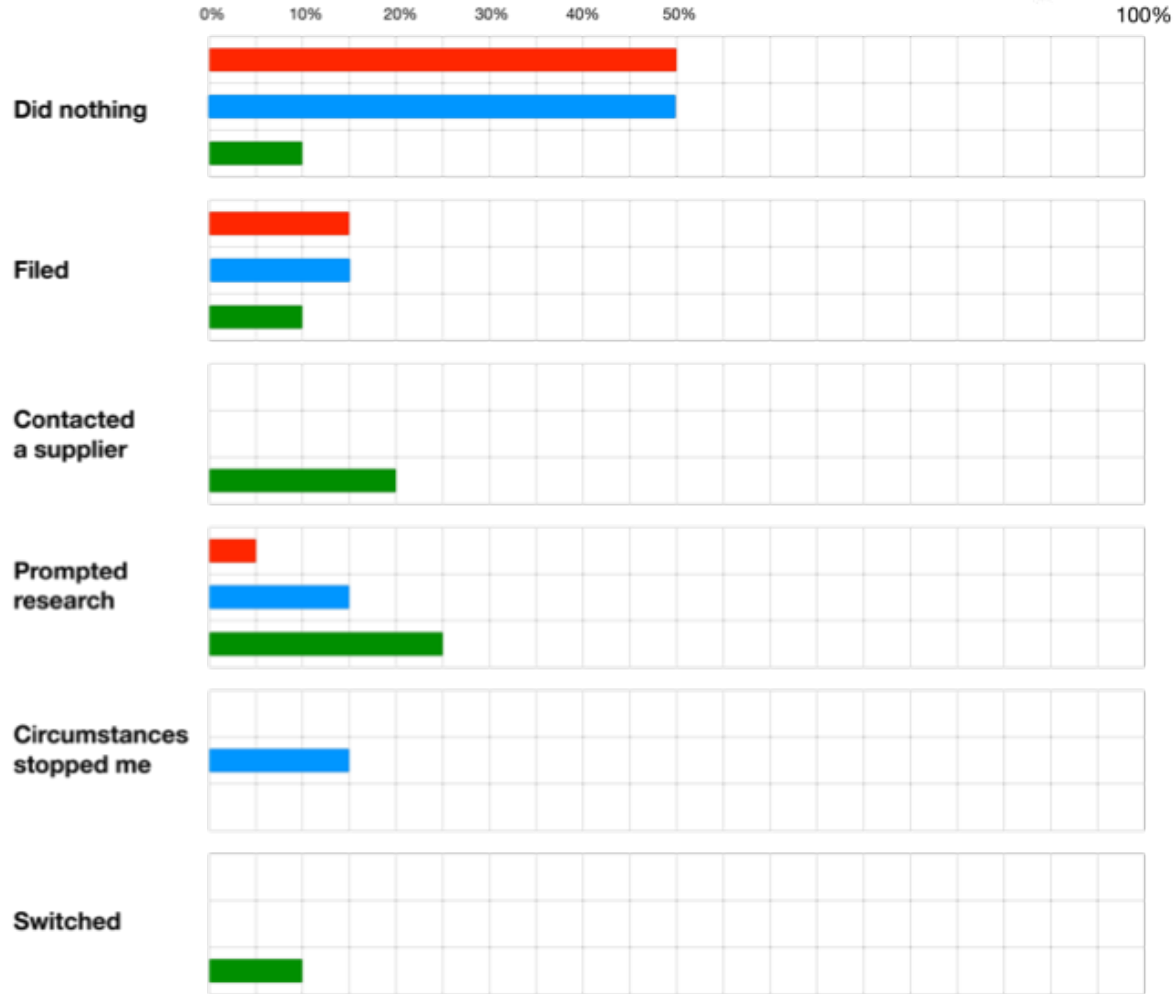
Usability Testing

- End of October 2016
- recruited participants through a research agency
- ‘masked’ the purpose of the research
- split the group and sent two different letters
 - the CMA model
 - an Ofgem branded ‘Best Offers Letter’
- participants kept diaries of the post they’d received and what they’d done with it

Nudge

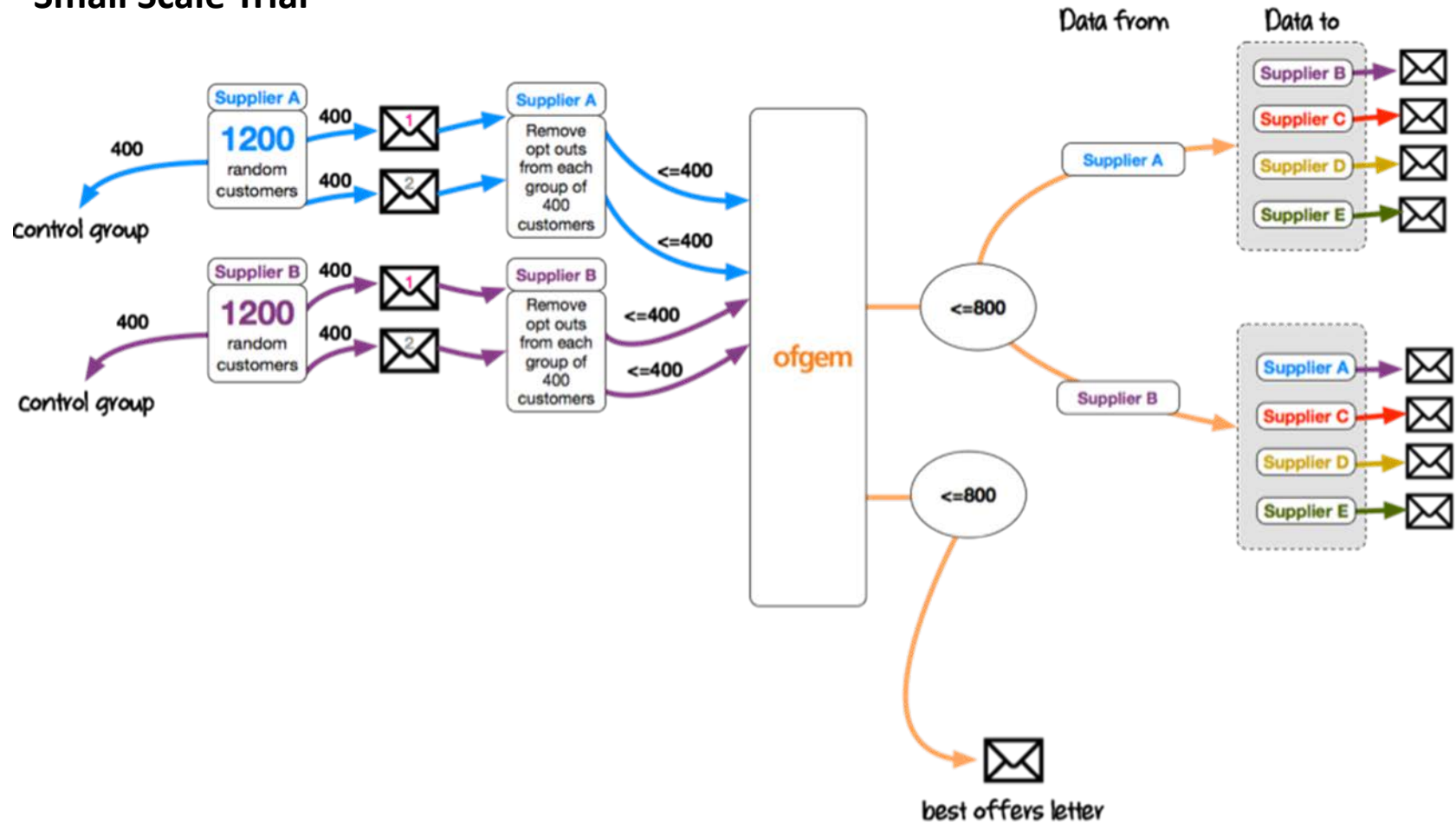
CMA

BOL



This helped shape and inform the next stage – a small scale trial

Small Scale Trial



Security

- Security and data protection are paramount
- Working with ICO
- Secure data transfer
- Independent security assessment

Technical

- produce a technical proposal
- Provide conceptual models and recommendations
- Look at key risks, issues and constraints.

Results from Trial

- Weekly updates from suppliers
- RFI end of February to give an indication of customer behaviour and action
- Final RFI end of March
- Decision on next steps in April

What's next?

- Developing timetable for 2017/18
- **Workshop for all suppliers on 10th March**
- Please get in touch if you want to receive our fortnightly update email
databaseremedy@ofgem.gov.uk

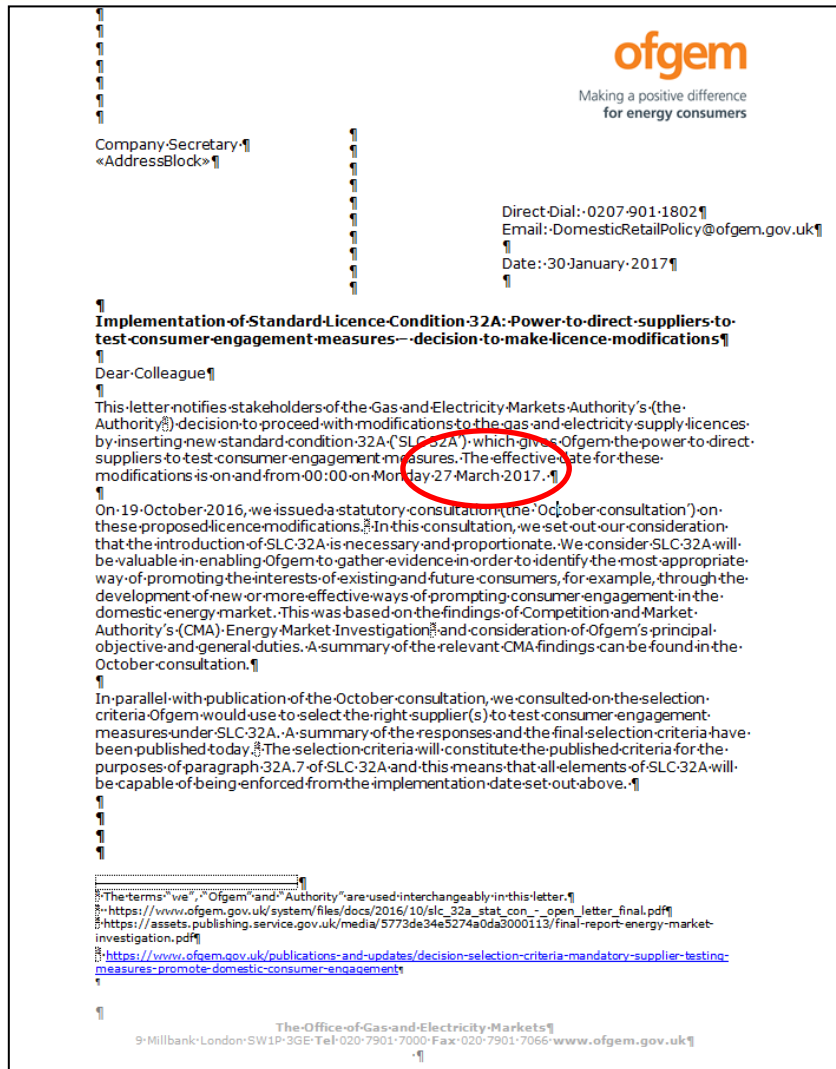
We want to ensure the service works for consumers

Ofgem's prompts to engage programme (Ofgem)

Alex Tyler

Fiona Cochrane-Williams

PromptsToEngage@ofgem.gov.uk



CMA AEC 24/06/16: weak consumer engagement

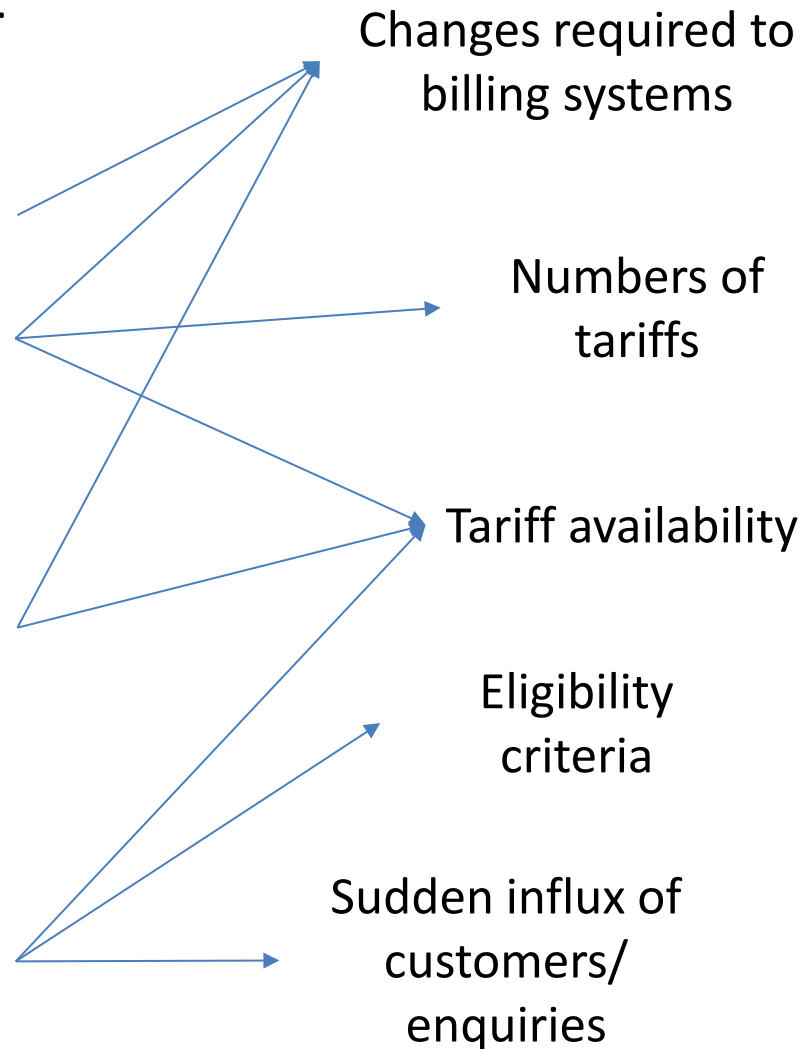
Recommendation: set up a trial programme to test improved prompts to engage

Publications 30/01/07:

- Decision on SLC 32A: requiring suppliers to participate in trials
 - Broad scope of engagement measures
- Selection criteria
 - Customer base
 - Capability and proportionality (including participation in previous work)

CMA suggested areas for trialling – changes to:

- Information in domestic bills and how it is presented
- Name of the default tariff
- Specific messaging that domestic customers receive in bills once they move, or are moved, on to a standard variable tariff (SVT) and / or other default tariffs
- Information provided to customers on the availability of cheaper tariffs in the markets



1. Consideration of how these trialling areas would affect you
 - Operational readiness
2. What are key operational factors we should consider when specifying trials?
3. What would you be keen to trial?

Please contact us:

PromptsToEngage@ofgem.gov.uk

Social Obligations Report (Ofgem)

Michal Frances

SORHelpdesk@ofgem.gov.uk

Social Obligations

- Social Obligations is a dataset on support for vulnerable domestic customers
- Domestic suppliers are required to submit information on a range of indicators, including:
 - PPM, debt, debt repayments, disconnections
 - Smart meters and support for PPM smart customers
 - priority services, energy efficiency advice

Thank you to all domestic suppliers for submitting 2016 Social Obligations data

- What's next?
 - Quality assurance and queries
 - Sharing data reports
 - Follow up meetings

Social Obligations Reporting

- Last year we published the [2015 Social Obligations report](#)
 - Including anonymous good practice examples for the first time
- In 2017 we are interested in:
 - Including named good practice examples
 - Focusing on how vulnerable customer's needs are met more broadly
 - e.g. through qualitative evidence as well as social obligations data

We are also currently reviewing the data we collect to

- Understand better how vulnerable customers are supported & where there are problems
- Reflect new developments, including the move towards principles based regulation
- Minimise the burden of reporting
- Clarify the [guidance](#)

We are considering:

- Quarterly data – *collecting less*
- National data – *collecting more*
- Changing the Priority Services Register section to reflect the new principle
- Collecting debt repayment arrangements where customers are given a repayment holiday
- The level of debt that customers have when a PPM is installed under warrant

What are your views?

- Any comments on these changes?
- Any other areas that you would suggest making changes?
- We would be happy to have any follow up conversations after this meeting

We will publish a consultation soon (likely in April) giving details of the changes we propose

Thank you!

For any follow up questions or comments please contact us on:

SORHelpdesk@ofgem.gov.uk

020 7901 1820

Coffee break

15:35 – 15:50



Action for Warm Homes

National Energy Action

The UK fuel poverty and energy efficiency charity

How we can work in partnership to help your vulnerable customers'

Maria Wardrobe, Director of Communications and External Relations

maria.wardrobe@nea.org.uk

Peter Smith, Director of Policy and Research

peter.smith@nea.org.uk

Who we are



Action for Warm Homes

- **NEA's vision is to bring an end to fuel poverty**
- **NEA's strategic aims:**
 - To influence and increase strategic action against fuel poverty
 - To develop and progress solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households
 - To enhance knowledge and understanding of energy efficiency and fuel poverty
- We work across England, Wales and Northern Ireland, and with our sister charity Energy Action Scotland, to ensure that everyone can afford to live in a warm, dry home.

What is fuel poverty?



Action for Warm Homes

Unable to afford to adequately heat their home

The three main causes of fuel poverty are well documented:

1. Poor energy efficiency
2. Low income
3. High fuel costs





Action for Warm Homes

Fast Facts

- NEA estimates that fuel poverty affects around 4 million UK households
- 24,300 Excess Winter Deaths in England & Wales – 7,290 (30%) of these attributable to cold homes (based on WHO, 2011)
- 78% of households in fuel poverty are classed as vulnerable, that is one containing children, the elderly, or someone with a long-term illness or disability. (DECC, Annual Fuel Poverty Statistics, 2016)
- Almost 1 million households with children in England are in fuel poverty
- Cold-related illness is estimated to cost the health service over £1 billion a year
- Incomes between 2005 and 2012 rose by 30%. Energy prices over this period rose 140%
- Energy efficiency is the main sustainable solution

Multiple benefits of energy efficiency



Action for Warm Homes





Action for Warm Homes

We campaign

An end to the cold homes crisis?

Not in her lifetime.



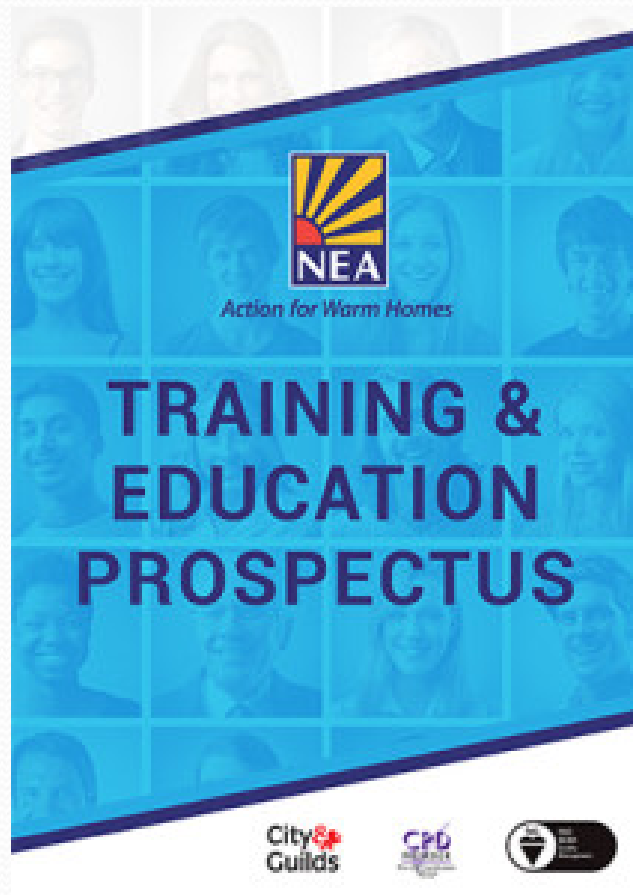
Warm Homes Campaign





Action for Warm Homes

We educate and train



Identifying Vulnerability

NEA has developed a half-day "Vulnerability, Health and Fuel Poverty" training course for professionals who interact with vulnerable customers either via telephone or whilst on home visits.

This course will enable staff to understand the needs of vulnerable customers and which organisations they can be referred to for advice about fuel poverty, debt and energy efficiency.

Course outline

Identifying vulnerability

- Definitions of vulnerability
- Risk factors and triggers to help identify vulnerable customers
- Examples of good practice when engaging with vulnerable customers

Further assistance available

- Government fuel payments
- Warm Home Discount Scheme
- Organisations providing fuel poverty, fuel debt and energy efficiency advice

Fuel poverty and indicators of vulnerability

- Definitions of fuel poverty
- Identifying indicators or triggers for action of a fuel poor household

Health impacts of living in cold, damp homes

- Health impacts experienced by infants, children and adults

Duration - half-day (3 hours)

Course dates/locations - This course can be delivered in-house to organisations wishing to train a group of staff.

<http://www.nea.org.uk/training/training-prospectus/>

We engage and deliver



Action for Warm Homes

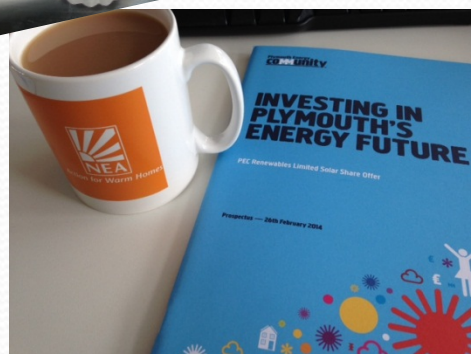


The Nation's Biggest Housewarming



Action for Warm Homes

The aim of the Nation's Biggest Housewarming is to raise awareness and money for NEA and the work we undertake to help people in fuel poverty. Organisations and individuals up and down the country are taking part!



How we can work in partnership to help your vulnerable customers



Action for Warm Homes

- Local Community Profiling/Mapping
- Identifying vulnerability training; Fuel debt training
- Energy efficiency and fuel debt workshops for local communities
- One-to-one casework with vulnerable households
- Supporting you to meet your Warm Home Discount programmes

Become a Business Supporters Group (BSG) Member



Action for Warm Homes

The benefits of becoming a Business Supporters Group member

- Four quarterly briefing meetings,
- Free exhibition space and one delegate place at NEA's annual conference
- Members first policy
- Discount on training courses, publications and conference fees.
- Access to NEA's Research Team
- Free subscription to members-only magazine NEA Focus
- Members-only monthly e-newsletter
- Invitations to NEA events, receptions and seminars throughout the year.
- Company name and logo on the NEA website
- Potential opportunity to work with NEA's technical team



Any questions?

www.nea.org.uk

Credit loss during a Smart Prepayment Meter Change of Supplier (Ofgem)

Elena Iolovska

Elena.Iolovska@ofgem.gov.uk

Jeremy Adams-Strump

Jeremy.AdamsStrump@ofgem.gov.uk



1. Raise awareness of the new change of supplier (CoS) process for Smart Prepayment Meter (SPPM) customers.
2. Highlight potential unintended consumer financial consequences and competition impacts, of the CoS process.
3. Understand from suppliers:
 - a. whether they're aware of these issues
 - b. If they know of cases where this has caused financial difficulty for customers or has deterred them from switching
 - c. they're approaches / policies for managing these issues

MRA and SPAA have recently been modified to prevent SPPM consumers going off supply because of the CoS process.

- A SPPM customer changing supplier, could go off supply if the new supplier cannot communicate with the meter (ie because of WAN failure or no arrangements in place with previous SMSO).
- To mitigate this risk the outgoing supplier should put the customer's meter in credit mode prior to the Supply End Date.
- Once the gaining supplier has established communications with the meter, they should put the customer's meter back into prepayment mode (if staying as a prepayment meter customer).
- If outgoing supplier was unable to put the customer's meter in credit mode, prior to the Supply End Date (due to WAN issues), and the gaining supplier cannot communicate with the meter, the gaining supplier must obtain a fixed value UTRN from the outgoing supplier.

These changes ensure supply is maintained, however there are potential unintended consequences if the customer temporarily loses prepaid credit.

- Customers with traditional prepayment meters can continue to use the credit remaining on the meter after they change supplier. The need to refund credit is less common.
- **This is not the case with consumers who have smart prepayment meters (SPPM).**
- When a SPPM customer changes supplier, **they no longer have access to credit previously on the meter** before the switch and so need to top up immediately after transfer and await a refund.
- This unforeseen cost will have consequences for some customers.
 - Financial impact – it could cause them financial hardship if they cannot afford to top up again (especially those who have recently received the Warm Home Discounts awaiting £140 refund)
 - Competition impact – it could mean they do not want to change suppliers.
- Some customers may also build up debt in credit mode if communication issues persist.



We are aware that independent suppliers are active in the SPPM market.

We wanted to hear from you, about your experiences of SPPM switching.

1. Have consumers switching to you been concerned about losing credit or cancelled their switch because they are concerned about losing their credit?
2. Have consumers switching away from you decided to stay because they didn't want to lose access to their credit?
3. What are you doing to mitigate this / what should happen to mitigate these unintended consequences?

Please contact us:

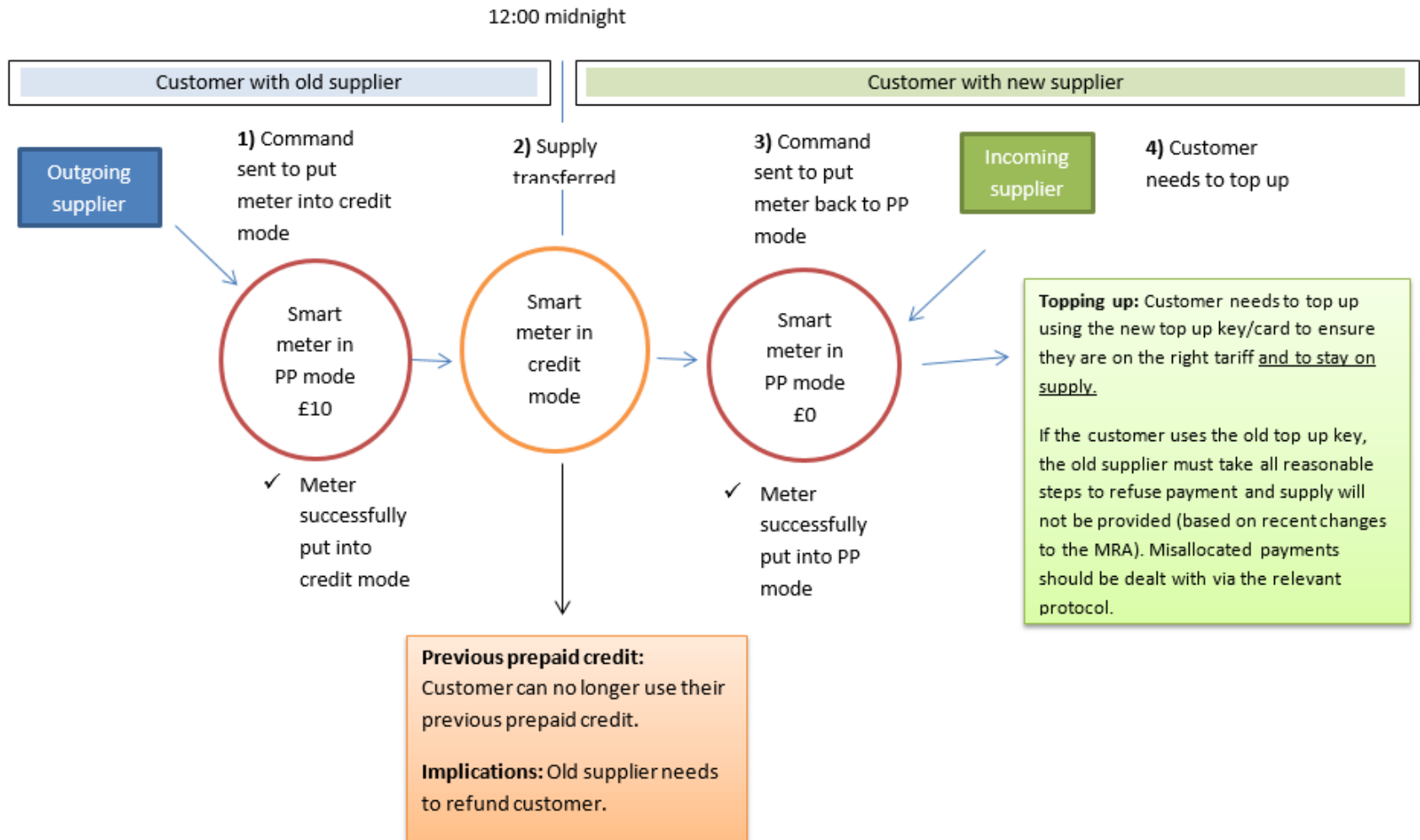
Elena.lolovska@ofgem.gov.uk

Jeremy.AdamsStrump@ofgem.gov.uk

As part of treating customers fairly, under the Standards of Conduct, that suppliers will:

- Communicate clearly that:
 - Customers will be momentarily switched to credit mode to ensure security of supply
 - Changing suppliers will result in the temporary loss of credit
 - Credit will be refunded in a timely manner
 - They should avoid further / large top ups in lead up to Supply End Date.
- Obtain an understanding of the impact the temporary loss of credit will have on the customer.
- Offer consumer centric solutions, which may include:
 - refunding credit faster;
 - extending emergency credit;
 - adding 'starter credit'; and
 - ensuring no disconnection in first few weeks.

Sunny day scenario – No communication issues



Midata consultation update (BEIS)

Dave Newton
Anju Sharda
midata@beis.gov.uk

AIMS FOR TODAY

- Background and a short summary of the proposals
- Discussion on data quality

BACKGROUND

- Midata is a method of electronically transferring customers' data (with their consent) from a company system to a third party intermediary (e.g. price comparison website (PCW)) using an Application Programming Interface (API).
- The Government took powers in the Enterprise and Regulatory Reform Act 2013 that would allow it to mandate third party electronic access to customers' data in regulated sectors, including energy.
- The CMA considered barriers to switching and recommended mandatory implementation of Midata as an interim remedy pending the introduction of Smart Meters.
- Call for Evidence closed 10 Feb; responses will be used to inform draft regulations but we want to continue dialogue with industry as we develop our thinking.



BENEFITS

- Midata puts customers in control of their data
- TPI access to customer data (with their consent) facilitates easier and quicker switching
- Suppliers can acquire new customers more easily
- Drives innovation and growth in TPI and energy supplier sectors

CHALLENGES

- Safeguarding customer data without frustrating customers granting TPI access to the data
- Data quality: ensuring data passing between company systems is error free to enable reliable tariff comparison

All suppliers will need to develop an API to support Midata, but we are proposing to exempt suppliers with less than 50,000 gas or electricity customers.



DATA QUALITY AND MAXIMISING THE BENEFITS FOR SUPPLIERS: Group Discussion

We know that inconsistency in terminology e.g. for payment methods and differences in tariff names, causes application errors:

- What can we sensibly do to minimise data errors in Midata? Is there any best practice?
- Can we ensure data fields use common terminology so they are easier to interpret?

We want to ensure Midata can benefit suppliers as well as TPIs, seeking to engage and acquire customers quickly and easily:

- How can we ensure suppliers are able to maximise opportunities for customer acquisition through Midata?



NEXT STEPS

- Government response published
- Impact Assessment submitted to the Regulatory Policy Committee
- Regulations drafted and debated in Parliament
- Regulations introduced

CLOSING QUESTIONS

- What would small suppliers find helpful to implement Midata solutions quickly and cheaply?
- Working Group to develop the draft technical specification.

Submit comments/expressions of interest to midata@beis.gov.uk

Closing remarks and feedback forms