

## Treatment of white label providers in the domestic retail market

### Department for Business, Energy & Industrial Strategy - Ofgem

RPC rating: **validated**

#### Description of proposal

A white label energy provider is an organisation that does not hold a supply licence but instead partners with a licensed supplier to offer gas and electricity using its own brand. Temporary arrangements regulating the functioning of white labels were due to expire in 2015. The assessment states that this *“would reduce incentives for suppliers to partner with white labels and consequently may reduce the scope for new white labels to enter the market.”*

This measure extends existing regulatory arrangements. It also introduces new provisions requiring licensed suppliers to inform their consumers of white label tariffs.

#### Impacts of proposal

The assessment states that 40 domestic licensed suppliers and 4 white labels would be affected by the change.

Ofgem estimates that it would take businesses 71 minutes each to familiarise themselves with a 5328 word long document explaining the change. Using an hourly wage rate of £13.30 and including a 20% uplift to adjust for non-wage cost, the assessment calculates total familiarisation costs of £753.

The assessment assumes that it would take the 3 suppliers, currently partnered with white labels, 40 hours each to implement changes to their internal billing system in accordance with the new requirement on information provision; this has been estimated to result in a cost of £1915.

As this is an extension of a measure that was in place before the start of the Business Impact Target reporting period, only provisions going beyond the original requirement are classified as regulatory provisions.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the business impact target.

## Quality of submission

The assessment presents an appropriate level of analysis, provides a clear description of the policy, and presents sufficient evidence in support of the estimates. Given the small impact of the measure, the level of detail included is considered to be proportionate.

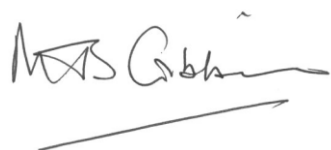
The quality of the assessment would have been improved if the changes introduced by the measure had been discussed in a bit more detail. The document would also have benefitted from greater clarity around sources of data – especially on average weekly earnings used in the assessment.

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

## RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero
Small and micro business assessment	Not required (low-cost regulation)
RPC rating (of initial submission)	Not fit for purpose



<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

Opinion: EANDCB validation  
Origin: domestic  
RPC reference number: RPC-3666(1)-DECC-OFGEM  
Date of implementation: 03 June 2015

---

**Michael Gibbons CBE**, Chairman