



Flexible and Responsive Energy Retail Markets - response form

The consultation is available at: <https://www.gov.uk/government/consultations/flexible-and-responsive-energy-retail-markets>

The closing date for responses is 16 September 2019 at 23.45

As this is a joint review with Ofgem, please return completed form to both email addresses below:

Email to: energyretailmarketsreview@beis.gov.uk and futuresupply@ofgem.gov.uk

If preferred, you may submit your full response by post by using the following addresses:

Write to:

Energy Markets and Affordability Team
Department for Business, Energy and Industrial Strategy
3rd Floor, Area Abbey 1
1 Victoria Street
London
SW1H 0ET

AND

Future Retail Market Design Team
Ofgem
Fourth Floor
10 South Colonnade
Canary Wharf
London
E14 4PU

Any enquiries to:

Email: energyretailmarketsreview@beis.gov.uk

Please be aware that we intend to publish all responses to this consultation.

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes. Please see the consultation document for further information.

If you want information, including personal data, that you provide to be treated as confidential, please explain to us below why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we shall take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

We will process your personal data in accordance with all applicable data protection laws. See our [privacy notice](#)

I want my response to be treated as confidential ☐

Comments: ZTP are a TPI who develop software for medium and large energy users, but also provide consultancy services. We have responded to this consultation where we feel we have constructive input from our own and our clients viewpoints.

Questions

Organisation (if applicable): ZTP

Address: 83-84 Long Acre, London, WC2E 9NG

Please check a box from a list of options that best describes you as a respondent. This allows views to be presented by group type.

	Respondent type
<input type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input checked="" type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Other (please describe)

Question 1.

Do you agree with our vision for the future of the energy retail market, the outcomes we are seeking to achieve and our characterisation of the key challenges we need to overcome? [Page 17 in document]

Comments: We broadly agree with the objectives outlined in the vision, but note that the proposal that customers need to continue to use a supplier in the medium term may cause limitations in innovation if that supplier has full control of billing and data access.

Questions 2.

Are there examples of new products, services and business models that would benefit current and future consumers, but are blocked by the current regulatory framework?

[Page 26]

Comments: Yes – in particular the limited access to market data tend to work against the consumer, and the wider industry, and lead to a position where the incumbent supplier can behave in a manner without full accountability to the customer. This is particularly true in the gas market, where key system information that is needed to produce accurate bills is not available for the customer or the TPI to use in verifying pass through charges. A regulated change in the rules of what types of business are allowed access to historic and system data at meter level would allow innovative products to develop in helping accurate cost forecasting and billing validation, leading to fewer billing errors.

Question 3.

Are there current or emerging harms to energy consumers which are currently out of scope of the regulatory framework? Do these differ for domestic and non-domestic consumers? [Page 26]

Comments: Within the regulatory framework, but outside the Supplier Code, are harms that exist regarding non-domestic supplies that fall outside the micro-business sector, such as the continuation of “Rollover” windows. Outside of the scope is the topical issue, re Extra Energy, of back billing domestic customers where an energy company has gone into administration, and this needs urgent attention to bring Administrators into the scope of the Supplier Code when charging for energy consumption. We would also like to see a channel of complaint through the regulator for non-domestic business that fall outside the micro-business definition.

Question 4.

Would it be beneficial to allow suppliers to specialise and provide products and services to targeted groups of customers? If so, how can this be delivered while balancing the need for universal service? [Page 26]

Comments: Yes – but this already happens in the non-domestic sector.

Question 5.

Are incremental changes to regulation sufficient to support the energy transition and protect consumers? Or does this require a more fundamental reform, such as moving to modular regulation? [Page 26]

Comments: The issue is not so much one of incremental change, it is the speed of change which is very frustrating, and there should be a fast track process for uncontentious issues, which allows consultation, but at a faster speed.

Question 6.

Are there any other potential market distortions we should be considering as part of our views? [Page 28]

Comments: No Comment

Question 7.

Would removing the thresholds for the Energy Company Obligation and Warm Home Discount help remove imbalances in the retail market, and could this be done without significantly increasing barriers to supplier entry or expansion in the retail market?

[Page 30]

Comments: No Comment

Question 8.

How could the delivery burden on suppliers from the Energy Company Obligation be reduced, for example through the introduction of a buyout mechanism? [Page 30]

Comments: No Comment

Question 9.

What effect does the range of Energy and Climate Change Policy Levies have on the retail market? [Page 30]

Comments: They distort the market in that politicians tend to want to benefit Domestic and Energy Intensive industry to the detriment of small and medium industry.

Question 10.

What actions could government take to reduce any negative impact of Energy and Climate Change Policy Levies? [Page 30]

Comments: From a customer viewpoint it would be beneficial to have more predictability of cost for some of these levies, such as FIT, and to have charges that do not vary by which supplier you are with. In addition, and possibly outside scope, the HMRC de-minimis billing exemption rules could be reviewed as they add complexity – as seen in the recent HMRC ruling on multiple meters within a site, which I am told, caused suppliers issues in amending billing software to cope, resulting in back charging. They make little sense on estimated readings.

Question 11.

Do you agree that now is not the time to make further changes on system and network cost recovery, metering and access to data as part of this retail market review?

[Page 32]

Comments: We agree that now is not the time to make further changes on network cost recovery. We are less inclined to agree on data access as lack of data access for non-domestic customers, thus avoiding GDPR issues, is blocking innovation, but we do recognise any access needs to be controlled to avoid abuse in targeted sales approaches.

Question 12.

What total costs do suppliers face with regards to bad debt? [Page 33]

Comments: No Comments

Question 13.

How could any potential distortions related to high cost-to-serve customers be addressed, for example by the provision of additional support services for customers struggling to afford their energy? [Page 13]

Comments: No Comments

Question 14.

Would addressing market distortions (for example size-based obligation thresholds for some policy schemes, supporting those who are struggling to afford their energy bills) help reduce incentives for suppliers to adopt pricing strategies that lead to excessive prices for loyal consumers? If so, to what extent (providing quantitative evidence, where possible)?

[Page 39]

Comments: No Comment

Question 15.

What are your views on the measures being considered to address loyalty penalties in different markets? What approach or – combination of approaches – would be most effective in the energy retail market? [Page 39]

Comments: No Comment

Question 16.

What other approaches could be adopted to ensure loyalty penalties do not re-emerge?

[Page 39]

Comments: No Comment

Question 17.

What protections or support may be required to engage consumers in vulnerable situations in the future market? [Page 39]

Comments: No Comment

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

The consultation seems to focus on Domestic Energy users and we have attempted to avoid answering those points. Perhaps it may be beneficial to make it clearer in separating blocks specifically for sections of the retail market in future consultations of this type?

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☒

At BEIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

☒ Yes

☐ No