

Third party intermediary (TPI) working group, set-up phase

1st Session

Minutes for the Third Party Intermediary (TPI) working group to discuss the set-up phase of the TPI Code of Practice.

From Attendees

Ofgem
TPIs, Energy suppliers, consumer/ trade organisations,
Friday 26 September 2014, 11.00am

These minutes are also reflective of input from members received up to one week after the session.

Date and time of Meeting
Location

9 Millbank, Westminster, London, SW1P 3GE

1. Welcome and introduction

- 1.1. 32 organisations attended the group session.
- 1.2. Meghna Tewari introduced the new TPI team and explained that the project has now entered its second phase, to implement the preferred option from the consultation of a Code of Practice for TPIs, backed up by a licence condition on Suppliers to only work with TPIs accredited to the Code.

2. Terms of reference for the working group

- 2.1. The terms of reference for set-up phase meetings (previously circulated) were agreed by members. These terms can be found on the TPI working group webpage on the Ofgem website

3. Work to date and future work plans

- 3.1. Jenny Boothe gave an overview of the work done by Ofgem so far. It was explained that in the set-up phase, we are looking for input in more detailed areas than previously as this will lead to Ofgem developing the Code itself.
- 3.2. It was stressed that the working group is not a decision-making forum.

4. TPI definition

- 4.1. There was general agreement from the group that the definition should be focused on and linked to procurement activity only.
 - One TPI noted that the current draft Code of Practice is currently focused on supply procurement and that diversion away from that definition would mean that the code has to be rewritten.
 - There was broad agreement from both suppliers and TPIs that energy efficiency services should not be covered under the definition. One supplier said that these activities are outside of the scope of licensable activities. Another supplier noted that in some instances, suppliers and TPIs are in direct competition with one another on providing energy efficiency services.
 - Some members were supportive of defining activities in scope of the code rather than

businesses in scope.

- Both suppliers and TPIs were concerned about 'scope creep' if the definition is not limited to procurement activities. Some members said that the definition should include procurement as a priority and that other activities can be considered later if necessary.
- 4.2. There was some discussion among members around the whether Managing Agents and landlords should be covered under the definition of TPI. Some of these organisations contract procurement of an energy contract to a TPI, rather than dealing directly with suppliers.
- One TPI said that these organisations are already strictly regulated by RICS regulation. He believed that bringing these organisations into the definition could represent a business threat to some energy consultancies, as well as potentially increasing costs for the end consumer.
 - Another TPI said that as landlords are a contracting party, they act as a consumer rather than a third party and thus should not be included.
 - Other members of the group believed that any organisation involved in the procurement of an energy contract at any point between the supplier and the end consumer should be covered by the definition.

5. Accreditation

5.1. The group first discussed how to identify the TPIs that need to be accredited:

- TPIs and suppliers agreed that any parties contacting suppliers for prices could be easily identified by suppliers. There was concern that those TPIs not approaching suppliers would be harder to identify, but an aggregator confirmed that they could identify all of their sub-agents.

5.2. Widespread agreement among members that TPIs must be able to self-accredit. There was however some disagreement on the auditing arrangements after initial accreditation.

- One member said that all accredited TPIs should be audited within a sensible timeframe. Following this there will need to be 'light touch' regular audit. This approach was agreed with by some other members of the Group. One TPI suggested that later entrants to the market should be audited prior to accreditation.
- Other members (mainly TPIs) felt that a regular audit would incur a large amount of cost and would be disproportionate given the high level of satisfaction with brokers in the market. These members felt that audits should take place only under certain 'triggers' which indicate non-compliance with the code.
- One member believed that regular light-touch audits could take place at relatively low cost and that trigger audits would uncover only 'half of the iceberg'

5.3. There was agreement among members that accreditation should apply to all TPIs, regardless of their size.

6. Code administration function

- 6.1. One supplier thought that the code administrator could provide TPIS with some standard documentation to use. This was met with disagreement from some TPIS.
- 6.2. There was agreement among members that there should be a visible list of accredited TPIS online. There was also agreement that accredited TPIS should have a unique identifier held only by the TPI itself, the code administrator and suppliers.
 - One member also thought that there should be a public register of TPIS no longer accredited or suspended from the code.
 - There were no specific reports that TPIS requested from the central administrator.
 - There was also some agreement that it would be appropriate to publish some information on the number of complaints against TPIS. One TPI noted that there is currently no external body to which TPI customers can complain. There was debate about the nature of complaints that should be displayed, whether these should be those that were upheld only, but recognition that the number of complaints is important in the context of how much business it does.

7. Closing remarks

- 7.1. All attendees were thanked for attending and for their useful input. The next session will take place on 20 October 2014.