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By email only

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## **OVO's response to 'Switching Programme and Retail Code Consolidation: Proposed licence modifications'**

Dear Rachel,

OVO welcomes the opportunity to provide comments on the proposed licence modifications. We fully support the response submitted by Energy UK.

We have serious concerns with the revised interpretation of when a consumer has entered into a contract. We believe this could have significant impacts on suppliers in terms of design and that it leads to additional solution considerations that will not be reasonably deliverable within the envisaged Switching Programme timescales.

OVO has previously raised concerns with the complexity of the new cooling off arrangements. We consider that the cooling off grace period and standstill could lead to frequent and small billing periods. These will be challenging to recover and may result in increasing bad debt levels that will need to be carefully monitored.

We have set these out in more detail in our responses to the consultation questions in the accompanying Annex.

Should you have any questions or would like to discuss our response bilaterally please feel free to contact [policy@ovoenergy.com](mailto:policy@ovoenergy.com).

Kind regards,

Sam Cannons  
Regulation Manager

## Annex - Detailed response

### Standard Licence Conditions: Electricity Supply Licence and Gas Supply Licence

#### Question 1.1.: Do you agree with the proposed standard licence condition modifications as drafted in Appendix 3 for the Gas Supply Licence?

OVO does not support some of the proposed modifications from a pragmatic perspective. In our view, these are not reasonably deliverable in the expected timescales for the Switching Programme. In particular, we refer to the following changes to relevant date (p.104 for the proposed gas licence changes under Customer Transfer):

*~~“for the purpose of this definition, the day on point at which a Customer enters into a Contract is the day on point at which the Customer has provided all of the information necessary to the Supplier or its Representative with sufficient information to conduct the switch (including a price comparison website or other third party intermediary that has a commercial relationship with the Supplier to help facilitate an agreement with the Customer for the supply of gas) and the Customer would reasonably expect the switch to take place without further action on their part.”~~*

We have serious concerns with the revised interpretation of when a consumer has entered into a contract. We fully appreciate Ofgem’s intentions through consideration from a consumer’s point of view, however the scale of changes arising will be substantive. We view this as a design clarity issue. Clarity of design will be affected by an aggregate of associated factors, and we view the combination of a new contract start definition as well as and within pre-determined timescales, will affect the ability to deliver.

From our interpretation of the new arrangements, the contract will start when the consumer has provided all of the information that they are reasonably expected to provide (directly to the supplier or their appointed PCW\*) and to deliver this, we believe there will be a new requirement for secured connectivity between suppliers and their appointed PCWs. We believe this will be a prudent necessity to satisfy supplier’s reasonable commercial protections and their regulatory obligations.

In addition to their appointed PCW validating registration data to switch the intended site, we feel new timescales will drive appointed PCWs in fulfilling further business obligations such as the completion of credit scoring. This will need to be automated and fully secured for data protection safeguards. It will likely involve the gathering and interpretation of personal data items such as

customers name, date of birth and previous 3 years address history. This additional automation, currently unplanned, will be a step change from the existing arrangements which involve a batch file received from the PCW ready for timely processing on the next working day. Solutions will probably call for additional API connectivity with the supplier's systems. Ideally, arrangements will need to be co-ordinated with suppliers and where appropriate, the establishment of standardised arrangements would be a prudent objective.

Due to their significance, we do not believe these intentions are deliverable within the currently envisaged timescales for the Switching Programme and would probably require delivery via a subsequent phase.

With current Switching Programme delivery timescales in mind, we would support alternative wording for contract commencement that would enable suppliers to handle all PCW referrals as "Warm Leads"\* , whether or not the PCW is directly appointed. We believe this would afford suppliers a far better opportunity to meet the revised mandatory switching timescales at go-live, deliver a better customer experience and would remove appreciable Programme risk from attempts to stand up new & unexpected automation between suppliers & PCWs.

\* We believe for non-appointed PCW websites, these can be treated as "Warm Leads" as set out in the recently published Programme "101" publication (page 19). However, since directly appointed PCWs are a significant route to market, we do not see the "Warm Leads" option could be relied upon as a mainstream customer acquisition mechanism under the proposed licence modifications.

**Question 1.2.: Do you agree with the proposed standard licences condition modifications as drafted in Appendix 2 for the Electricity Supply Licence?**

Our narrative related to the gas supply licence (question 1.1) is equally applicable to those for electricity, however in this instance references to relevant date are on page 111.

**Question 1.3.: Do you agree with our proposal to modify the five working day switching regulatory backstop by introducing a 5pm cut off on a working day, after which, if a consumer signs up, the start of the five working day period will be counted as the next working day?**

OVO agrees that this change is appropriate for this scenario.

**Question 1.4.: Do you agree with our proposals to measure the start of the grace period, from which Supplier B must continue to supply the customer on the same tariff after the consumer has switched and cancelled, from the point that Supplier B sends notice to the consumer of their options and that the grace period should be 15 working days?**

OVO has previously raised concerns with the complexity of the new cooling off arrangements and that there is risk of confusion leading to a poor consumer experience. This is not ideal and consequently, this will require particular attention to guidance and handling between parties. We appreciate the proposed rationale for the grace period however, irrespective of the required timescale, we fear the effect to the market that could encourage frequent and small billing periods. These will be challenging to collect.

Regarding proposals for objections to related metering points, we are supportive of the original policy position which requires resolution of data cleanse issues prior to go-live.

**Question 1.5.: Do you agree with our proposals to measure the start of the period over which Supplier A must offer to take a customer back on equivalent terms from the switch date? Do you agree that the period that Supplier A must maintain this offer is 16 working days from the switch date?**

Our response to Question 1.4 applies here, however we appreciate the rationale offered in this instance.

### **Standard Licence Conditions: Gas Shipper Licence**

**Question 2.1.: Do you agree with the proposed standard licence condition modifications as drafted in Appendix 4 for the Gas Shipper Licence?**

OVO supports the proposals.

### **Standard Licence Conditions: Electricity Distribution Licence and Gas Transporter Licence**

**Question 3.1: Do you agree with the proposed standard licence condition modifications as drafted in Appendix 5 for the Electricity Distribution Licence?**

No comment.

**Question 3.2: Do you agree with the proposed standard licence condition modifications as drafted in Appendix 6 (a-d) for the Gas Transporter Licence?**

No comment.

**Question 3.3: Do you think the change to the definition of Metering Point to remove direct reference to the codes is suitable, and do you consider there to be any risks or unintended consequences that we should take into account for our decision?**

No comment.

### **Smart Meter Communication Licence**

**Question 4.1: Do you agree with the proposed licence modifications as drafted in Appendix 7 for the Smart Communication Licence?**

No comment.