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By email: Switchingprogramme@ofgem.gov.uk

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Dear Nicola

RE: Statutory consultation on proposals to modify licence conditions related to the Switching Programme

We are writing to you with a high-level industry view in response to Ofgem's Statutory Consultation on proposals to modify licence conditions related to the Switching Programme.

Energy UK believes that given the current market conditions and its impacts on consumer affordability and supplier resources, there is an opportunity for Ofgem to review the implementation of Faster Switching to minimise unnecessary burdens on suppliers at this time and ensure robust systems are in place to improve consumer experience when switching levels increase. Whilst some end-to-end testing has been completed, rigorous tests in a live environment have not yet been conducted and the current status of such an environment is very fragile due to the current energy crisis. We want to ensure that new systems are as reliable as possible before switching timescales are fully reduced to ensure there is no detriment to customers, and pressure is alleviated on suppliers during current market conditions.

As a result of limited switching occurring at present, caused by the crisis, a review of the switching timescales and inclusion of a transitional period following go-live may be beneficial for long-term consumer experience and implementation of system changes. We would encourage Ofgem to consider a transitional period following go-live before switching timescales are reduced and switching during cooling off is enabled, which could be utilised to ensure new systems are robust and that the Faster Switching Programme as a whole realises the best outcome for customers.

In regard to the consultation itself, we have noted several concerns with the drafting of the legal text which apply equally to both gas and electricity supply licences.

1. *Removal of Condition 14A.3(C)*

We acknowledge the changes to the definition of "Relevant Date" but disagree that this change obviates the need for condition 14A.3(C). We cannot see how it can be expected to facilitate a customer transfer within five Working Days when it does not have all the information required to do so.

There is a significant difference between "sufficient information to conduct the switch" in conjunction with the customer's reasonable expectation that a switch can take place without further action on their part and the licensee having "all of the information it requires in order to complete the Supplier Transfer".

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From a practical perspective the removal of the condition 14A.3(C) safeguard means the five Working Days “clock” starts once the customer sends to their supplier (either directly or via a representative) what they believe to be sufficient information, rather than from the date the supplier receives all the information it requires to make the transfer possible. This could penalise suppliers due to delays by the customer or their representative in providing all the information the supplier requires, which could be more than what the customer deems sufficient.

2. *Typographical error in condition 14A.4A*

The phrase “the earlier of the expiry of:” should be replaced with “the later of the expiry of:” in condition 14A.4A for points (a) and (b) to work as intended.

3. *Condition 14A.14*

Condition 14A.14(b)

Given current energy market conditions, Ofgem should consider removing condition 14A.14(b) so that suppliers can recover their pre-estimated losses of providing the services under the Contract between the customer entering into the Contract and the customer terminating the Contract during the cooling off period. An example of one cost/risk to suppliers in this scenario is hedging. This will be commercially challenging, particularly with a high volume of customer switches where a supplier believes a customer is joining them, the customer is switched to them, additional power is purchased and hedged, and then that customer leaves.

Remainder of Condition 14A.14

The remainder of Condition 14A.14 also creates commercial challenges for suppliers seeking to hedge energy costs. Suppliers could have two categories of customers who are temporarily charged under their Principal Terms before potentially defaulting on the Deemed Contract Charges – those customers who are new and elect to cancel their Contract within the cooling off period, and those customers who had switched to a new supplier, cancelled that Contract then returned under the Switching Regime. These situations and the impacts on suppliers should be re-reviewed by Ofgem in light of current market conditions.

4. *Switches Under Five Working Days*

Ofgem should provide clear distinction between legacy prepayment meters (PPM) practical blockers when it comes to achieving switches under Five Working Days. In response to section 2.47 of the consultation, no recognition is given that the supplier is not at fault if the switch of a legacy PPM does not work under Five Working Days because it cannot be ensured that customers receive their top-up device before their switching date (SSD). The difference in switching speed for legacy PPM and other meter types could result in consumer dissatisfaction if this is not clearly communicated and stated at an industry level by Ofgem.

For further information or to discuss our response in more detail please contact Madeline Costello on 0207 747 2921 or madeline.costello@Energy-UK.org.uk.

Yours sincerely,

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