

The background features a large, stylized white arrow pointing to the right, set against a blurred image of a modern building with a glass facade and a large, glowing orange light fixture. The overall color palette is dominated by blues, oranges, and whites.

Third Party Intermediaries(TPI's) Working group : 1st Session

8th Feb 2013

Background

- We identified problems with rogue TPIs in 2008. At the time, we suggested TPI bodies work with the OFT to establish their own Codes of Practice.
- Some take-up, but we have continued to see (increasing) number of complaints about misselling by TPIs.
- Also some concerns about low transparency of the existence of the TPI commission: could mislead customers and affect market transparency.

Why is this an issue for us?

- Misselling adversely impacts on energy customers
- Most new entrants use TPIS as their main source to gain customers, so bad impression about TPIS may impact on competitiveness of energy market
- Lack of regulatory action to penalise wrong-doers with existing sector-neutral framework
- The importance of TPIS as an interface between customers and suppliers is growing and we expect this to continue e.g. with the introduction of Smart meters.

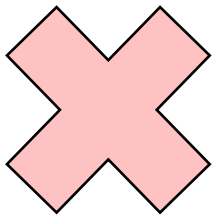
Summary of RMR responses to TPI proposals

- There was unanimous support for a single Code of Practice for TPIs
- Almost undisputed support for a Code of Practice to apply to all TPI's in the market
- There was strong agreement that a code should be governed by an independent body. Most felt that this should be Ofgem, particularly if we are granted powers to enforce the BPMMR's.
- A number of respondents suggested we back up the TPI code with a supply licence condition to require suppliers to only work with TPI's who are accredited to the code.
- Respondents were supportive of the wider TPI review, views were varied on whether Domestic and Non Domestic markets should be reviewed in Unison

Other information...

- About two-thirds of large energy users (>£50,000 spend per fuel) and 12-15% smaller energy users use TPIS (source: Datamonitor)
- TPIS may be contracted with suppliers, or direct with the customer
- We issued an information request in 2011 to suppliers about TPIS. More than 50% of suppliers do not always have contractual arrangements with TPIS.
- Currently 200+ TPIS operating in the Non Domestic market, although this number and the services offered are increasing
- Lots of support for a working group and single code of practice, expressed via our RMR responses and notes of interest for the working group

Next Steps?



**Do
nothing?**

