

6th TPI working group

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ofgem

Outline

1. Presentation of TPI consultation of 27/07/2013
 - Your opportunity for clarifications
2. Review of comments and changes to draft CoP
3. Break out discussion
4. Next steps

TPI CONSULTATION PAPER

Background & Objectives

Background

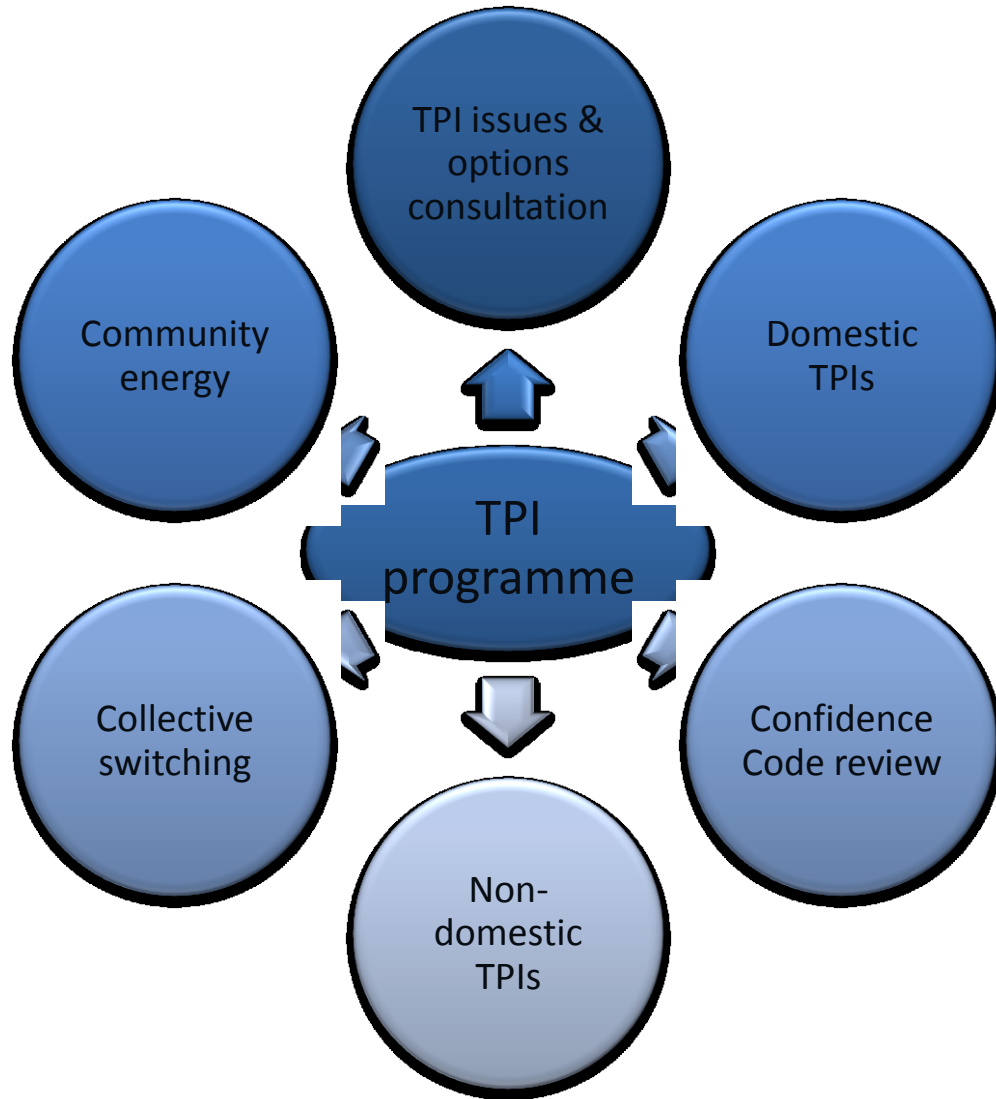
- Consumer research and stakeholder feedback show positive and negative experiences resulting from TPI activity
- Limited sectoral regulation for TPIs
- TPI's growing in importance as a category of market participant
- Public commitment to initial publication of issues by 1st half of 2013



Programme Objectives

- Further understand **current** market issues, and likely **future** risks and opportunities.
- Introduce measures that protect consumers and promote trust and engagement
- Identify appropriate enduring regulatory mechanism that mitigates risk and helps consumers benefit from market opportunities
- Clarify the role of Ofgem

TPI programme Scope



Other Related work

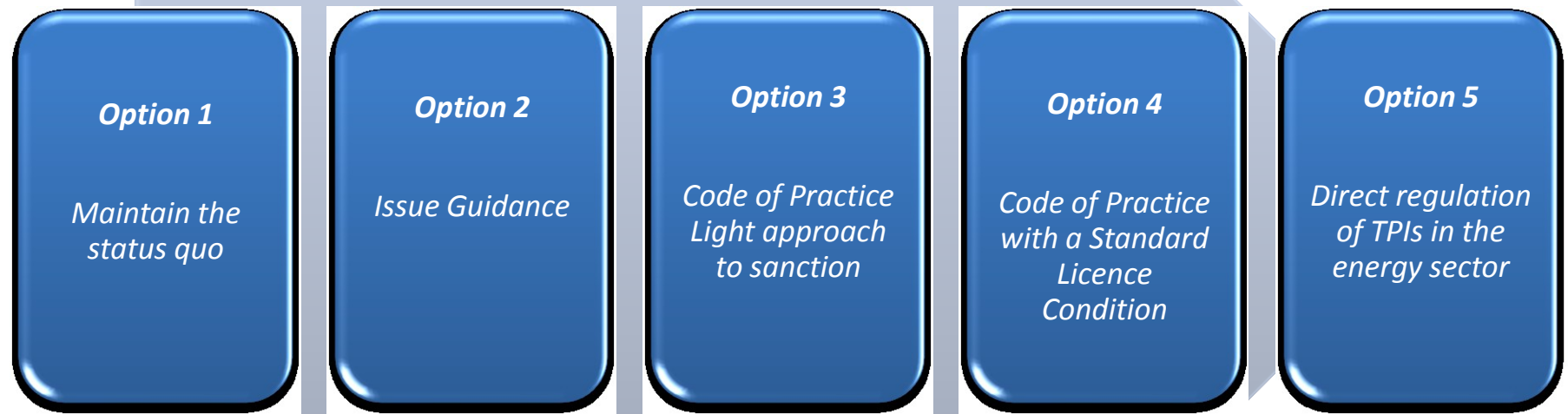
Confidence
Code
Governance

Europe

Smarter
Metering

Green Deal

Regulatory Options – There is a wide spectrum of options



TPI enduring framework consultation

- Published June 2013
- Key messages: Call for evidence and views, no firm proposals at this stage
 - Outline market concerns and our understanding of market characteristics
 - Note current market features and future challenges/developments
 - Outline spectrum of options
- Key goals
 - Open/continue dialogue with stakeholders
 - Strengthen our understanding of market characteristics
 - Seek views and further evidence
- Consultation closes 23 August
- Next steps will depend on consultation feedback...

FIRST DRAFT OF CODE OF PRACTICE

First draft Code of Practice (CoP)

- Thank you for close to 30 responses
 - You welcomed Ofgem's initiative and time to draft this first CoP
 - Comments diverged about the appropriate level of detail and strength of specific clauses
 - The majority of responses were questions for clarification
 - Top 3 most commented: harassment, high pressure selling and pre/post contractual information

Changes

- Scope: Too wide? Define Active Energy Supplier?
 - Deliberately wide at this stage
 - Definitions will be put in
- Objective: Narrows it to 'energy supply needs'?
 - At this stage, the Code seeks to primarily address the problems we have seen
 - Similar to over-arching objective in supply licence
- Need to ensure covers aggregators and their sub-agents
 - Added in 'agents' to 4.1.1 – does this cover it?
- Selling, Marketing, Advertising (4.2):
 - Brought in more specifications of communications types (does this cover it?)
 - How to specify how many supplier prices they compare – more discussion
- High pressure selling techniques (4.3):
 - Redrafted to be clearer
 - 'more at risk of being misled' – exploring further how best to capture the intent here

Changes

- Commission and Fees (4.4):
 - Redrafted
 - Clarification of timing: on request at any time
- Pre-contractual information (4.5)
 - Covers the discussion that takes place when considering alternatives
- Notification of contract terms (4.6)
 - Comments that is supplier responsibility. Yes, but also TPI as how else to ensure customer can make informed choice?
 - Added in ability to provide evidence of suitability
 - Responsibilities 4.6.2 (ii): this is so that customers are clear about who to contact in the event of problems
- Dispute resolution (4.7)
 - Added in communication channels
 - Timings – discussions on applicability of mirroring the Complaints Handling Standards (also include micro businesses) that suppliers must adhere to?
 - 4.7.2 [the appropriate independent dispute resolution body]

Additional comments

- A number of comments have been lodged, but cannot be finalised without knowledge of the regulatory structure of the Code. These include:
 - How does a TPI become a CoP member?
 - Additional sections suggested on Accreditation and Code Governance
 - Training procedures
 - Monitoring
 - Enforcement
- We will need to wait for our current consultation to close before finalising our proposals on governance of this Code

Breakout discussion

- 4.2.2 – How to best capture the need to reflect how much the TPI has ‘shopped around’
- 4.7.1 – timescales of complaints handling procedures
- Other points in the Code?

For discussion (1)

- 4.2.2. In particular, each Code member must ensure they are clear and truthful and do not mislead the consumer about:
 - (i) their identity, including who they are, who they work for and/or represent. **This includes the nature of their relationships with suppliers and which suppliers they approach for prices;**

For discussion (2)

- 4.7.1. The member must have a complaints handling procedure in place at all times. Consumers must be able to access this easily, in paper or electronically. It must include:
 - (i) the steps they will take to investigate and resolve a consumer complaint about a TPI and the likely **timescales** for each of those steps;

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