

## RMR: Third party intermediary (TPI) working group 6<sup>th</sup> Session

Minutes for the Third Party Intermediary (TPI) RMR working group to discuss provisions of the proposed single Code of Practice for TPIs	From Attendees	Ofgem Energy suppliers, consumer organisations, Independent TPI code administrators
	Date and time of Meeting Location	Friday 5 July, 12:30pm 9 Millbank, Westminster, London, SW1P 3GE

### 1. Welcome and introduction

1.1. 28 organisations attended the group session. Please find the full group list attached.

### 2. Presentation: TPI issues and options paper

2.1. Heather Swan presented the overarching TPI issues and options paper (Ref 103/13) published on 28 June and will be open for consultation until 23 August 2013. Its objective is to understand current market issues and likely future risks and opportunities in the TPI market. The paper aims to identify an appropriate regulatory mechanism for this market, and clarify Ofgem's role. It is available online.<sup>1</sup>

2.2. Participants were encouraged to respond to this consultation to make clear what their preferred view of regulatory options for TPIs is.

### 3. Presentation: Feedback on updated draft Code of Practice

3.1. We presented the group with an overview of comments and changes made to the draft Code of Practice (CoP), based on stakeholders' feedback since the previous working group. We reiterated our gratitude for the vastly positive and useful comments.<sup>2</sup>

3.2. In addition the following high-level points were raised:

- Ofgem broadly identified CoP definitions which require more explanation. Where possible, we will consider information included in the Electricity and Gas supply licences. Participants suggested such terms include 'electronic', 'suitability' of the product or 'vulnerable consumer', need to be defined appropriately.
- The CoP objective is currently considered wide enough to capture third parties who are already subject to an accreditation scheme, such as Green Deal advisers. Ofgem will look into the implications of maintaining such a wide scope. Aggregators, landlords and Public Buying Organisations were also discussed in this respect and we will consider these as part of the draft CoP prior to any formal consultation.
- Some participants considered that monitoring and enforcement would be crucial for the CoP to be effective. Ofgem have addressed the importance of these sections, however have advised that they will be considered further following the Issues and Option paper response deadline on 23 Aug. Ofgem have also advised that more information on monitoring and enforcement will be available when a formal

<sup>1</sup> <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=542&refer=Markets/RetMkts/rmr>.

<sup>2</sup> Please find the presentation on Ofgem's stakeholder engagement website.

consultation on the non domestic TPI market is issued later in 2013<sup>3</sup>. For example, we will address concerns about providing evidence for monitoring purposes.

- Ofgem will consider adding 'complete' to 4.2.1, to align this clause with complaints handling standards (CHSR)<sup>4</sup>.
- Some participants highlighted the implications of use of different words and terms. For example using 'approaching a supplier' in section XXXX does not necessarily mean 'receiving prices from a supplier').

#### **4. Group discussion: three clauses of the draft Code of Practice**

4.1. The following issues were discussed by participants in four groups, (i) how to best capture the need to reflect how much the TPI has 'shopped around', (ii) timescales of complaints handling and (iii) pre-contractual information. Consolidated high level feedback from each group is presented below.

*How to best capture the need to reflect how much the TPI has 'shopped around' (clause 4.2.2)*

- Some participants questioned whether this was depended on the size of the consumers energy spend and which contracts were available for their energy needs.
- One group suggested we clarify the exact purpose of this clause. They thought it was to find out which suppliers the TPI approaches and who they obtained prices from for the purpose of that contract
- Participants suggested that the essence of this clause is being truthful (i.e. wording could include 'the full and complete truth') to the potential customer of the extent that the TPI has researched deals in the market.
- A TPI could disclose how many suppliers (and when) were approached, and how many responded. It was also mentioned that sometimes a TPI cannot determine which suppliers are going to respond, so the number of choices for the consumer is outside their control.

*Timescales of complaints handling procedures (clause 4.7.1)*

- Most participants preferred wording that sets a target for responding *within a day or as soon as reasonably practicable*. However when considering smaller TPIs ('one man shop') it was discussed that this may be difficult to maintain. A number of participants preferred a 'final' response to the complaint *within 8 weeks or sooner*.
- Some participants noted that the turnaround time for complaints may depend on who is handling the issue (TPI or supplier), however it was noted that both organisations should be handling the complaint as quickly and efficiently as possible for the consumer.
- A minority of participants suggested that complaints requirements should differentiate between small and large consumers and only small ones should receive additional protection.
- It was noted that the TPI should have a complaints handling procedure regardless

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<sup>3</sup> We will not release another draft CoP until we issue a formal consultation later in the year.

<sup>4</sup> The Gas and Electricity(Consumer complaints handling standards) Regulations 2008 : <http://www.legislation.gov.uk/uksi/2008/1898/contents/made>

of the size of the organisation.

*Pre-contractual information (clause 4.5)*

- Some participants suggested merging the clauses on pre- and post-contractual information (4.5 and 4.6).
- Some participants raised the question whether a TPI should have the obligation to make complete contractual information available upon request.
- There was a discussion about the definition of 'Principal Terms'. Some participants suggested alternatives such as 'Relevant Terms' or 'Key Factors', or as a minimum price information and contract duration should be supplied to consumers to avoid confusing TPIs and to ensure that consumers have the information that is relevant to their contract offering. It was also noted that the supplier may supply the TPI with the 'key' terms they want relayed to the consumer and it was duly mentioned from a proportion of TPIs that they feel the supplier should supply this information as standard practice.

Ofgem intends to take the above suggestions under consideration.

## **5. Hand-over from Louise van Rensburg to Meghna Tewari**

5.1. Louise addressed the group and advised this was her last involvement in the TPI process, due to her new post. She thanked the group for their participation and engagement throughout this process and how invaluable the discussions have been to Ofgem's work, present and future. She thanked Heather and Victoria for their involvement and hard work preparing for the working group sessions and advised that they would still be available to take any questions and participate in stakeholder meetings outside of the working group sessions.

5.2. Louise handed over to Meghna Tewari, Senior Economist in Ofgem's Retail Market team, who will from now on lead this working group and the TPI overarching programme. Meghna welcomed the group and also thanked them for their engagement in this process and that she hopes this will continue into the future work with Ofgem.

## **6. Next Steps**

6.1. Ofgem will produce a matrix which will compare and contrast Standards of Conduct (SOCs) obligations on suppliers, Standard Licence Conditions (SLCs) and the draft TPI CoP, as per participants' request. This will give stakeholders an understanding of how current obligations on suppliers compare to what is 'currently' drafted into the TPI Code of Practice<sup>5</sup>. This will be included in Ofgem's formal consultation document which will be published later in the year.

6.2. The timing of next steps will depend on the outcome of the TPI issues and options consultation paper. Currently Ofgem is minded to, consult on an updated draft CoP by the end of the year and we may invite members of this group for another workshop before we publish this consultation.

## **7. Closing remarks**

7.1. All attendees were thanked for attending and for their insightful input.

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<sup>5</sup> This is currently a working draft of the TPI Code of Practice, and is subject to change.