

**Third Party Intermediary (TPI)
Stakeholder Conference**

Ofgem
11th October 2013

ofgem

- **Morning**
 - Briefing by Chair (David Hunt – Head of Retail, Ofgem)
 - Welcome to the TPI Programme (Maxine Frerk - Partner, Ofgem)
 - Individual project updates
 - TPI Programme Structure (Meghna Tewari)
 - Collective Switching (Stew Horne)
 - Confidence Code (Barry Coughlan)
 - Non-domestic Code of Practice (Heather Swan)
 - Smarter Markets (Robyn Daniell)
 - Community Energy (Natasha Smith)
 - Consumer Futures (Gillian Cooper)
 - Briefing: Breakout sessions
- **Lunch**
- **Afternoon**
 - Breakout One & Feedback (over-arching issues)
 - Tea & Coffee
 - Breakout Two & Feedback
- **Thank You & Next Steps**

Welcome & Introduction to the TPI Programme



Ofgem's vision for consumer interactions with TPIs

FAIR

HONEST

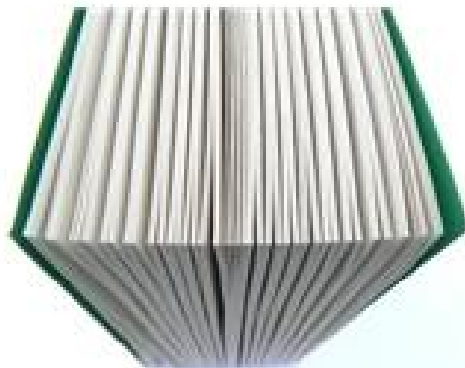


APPROPRIATE

TRANSPARENT

What market research is telling us?

midata



Opportunity for Regulation?



**Using TPIs can add great value to both industry and consumers
Present & Future**

Ofgem's commitment to promote engagement and ensure consumers have a positive experience

Significant industry changes will increase the scope for interactions between TPIs and consumers

TPI Programme Structure

Long-term enduring framework for TPIs in energy retail markets

Collective
Switching

Confidence
Code

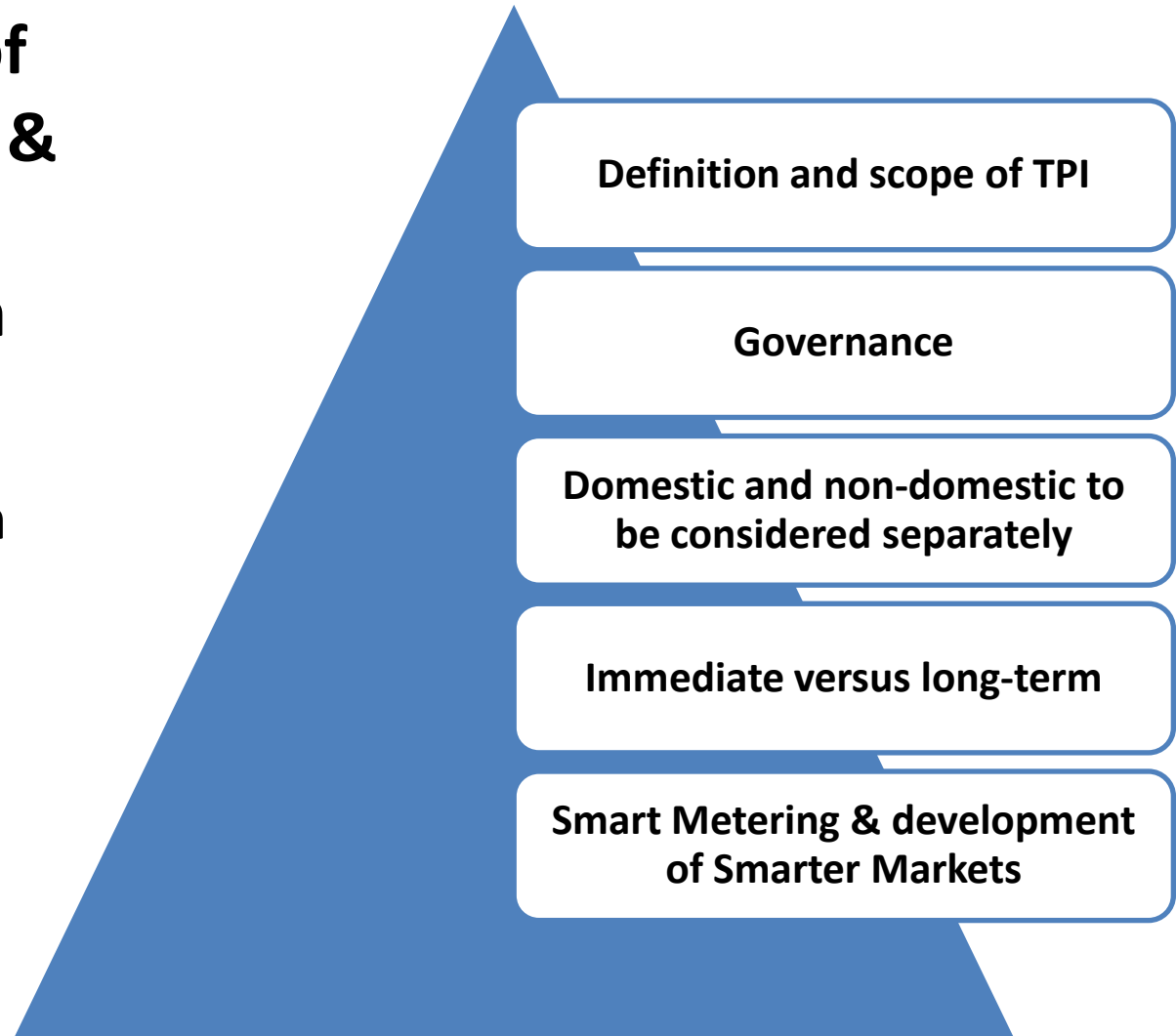
Non-domestic
TPIs

Domestic TPIs
& Other Issues

Community
Energy

Exploration of Market Issues & Options Consultation

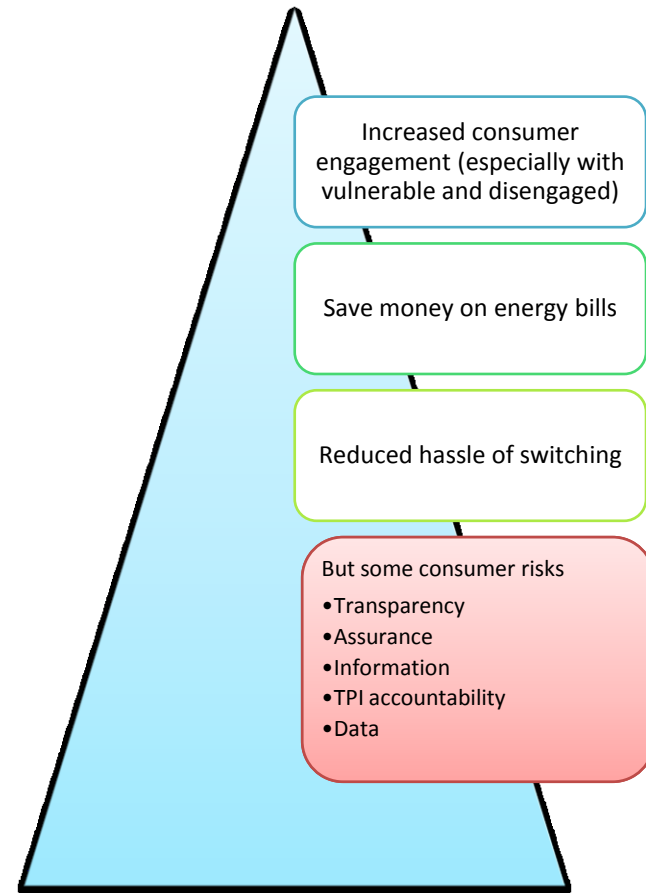
Feedback from Stakeholders

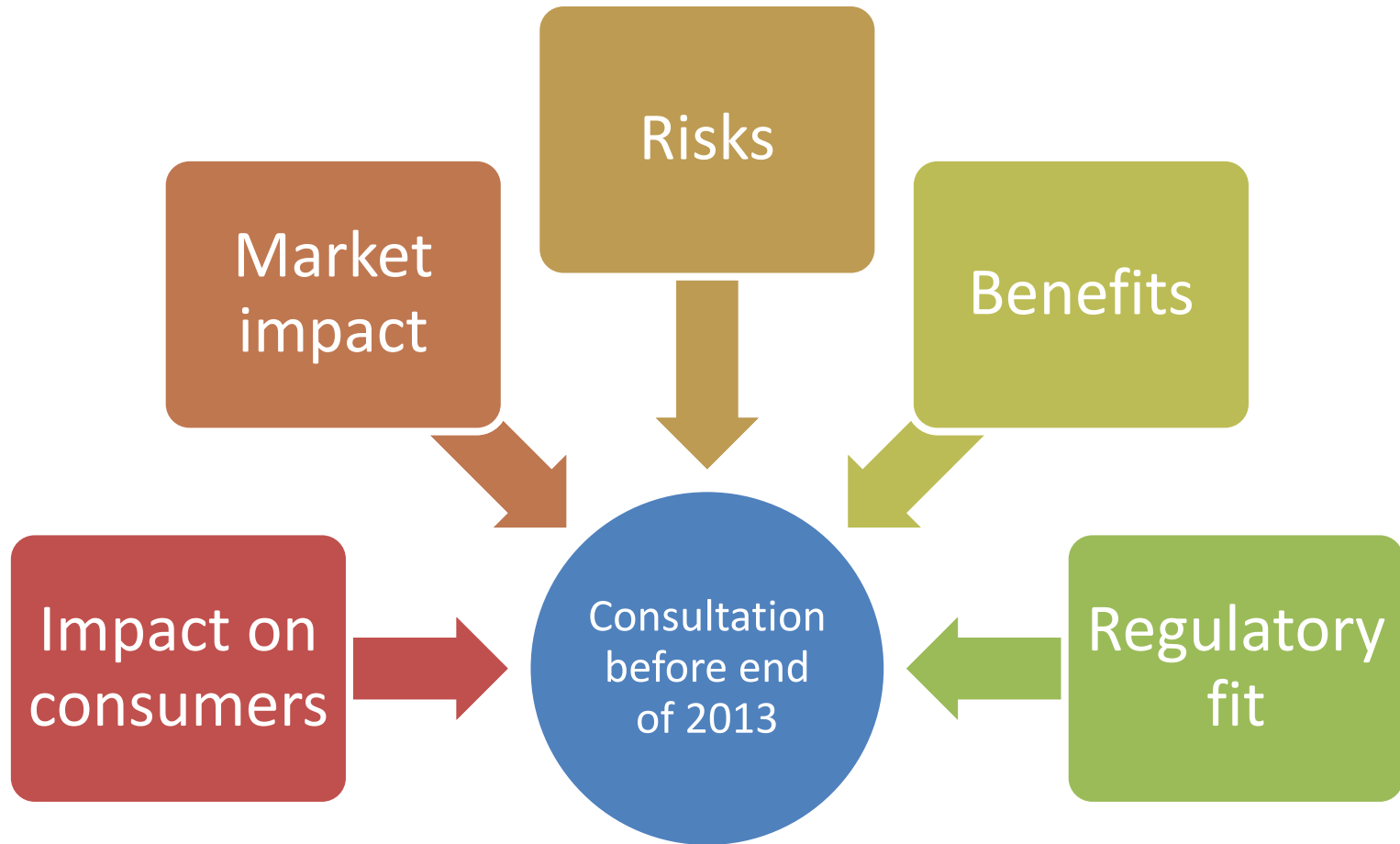


Rapid UK Development



Consumer benefits...





What is the Confidence Code?

- Voluntary code of practice for domestic price comparison sites
- Currently has 11 accredited sites; with several applications in process
- Transferred from Consumer Focus to Ofgem in March 2013

Where are we at present?

- No significant changes when the Code was transferred
- Developing a list of areas for review, building on stakeholder input and previous work (CF consultations, Ofgem's RMR, research and legislation since 2011)

What we intend to cover in the Code review:

- While this list is not exhaustive, we intend to cover (amongst others):
 - Reflection of RMR measures
 - Issues on the display of information
 - Assessment of initial and ongoing accreditation

Next steps:

- Regular engagement with stakeholders to finalise our areas for review and develop solutions
- Building a fully worked-up set of proposals throughout the next six months, with a view to consult on Code changes in Spring 2014

Background

- TPIs play a significant role in the non-domestic market
 - Around 80% of major energy users and 30% of smaller businesses use TPIs
- Issues regarding the regulatory framework
 - Consumer Protection Regulations
 - BPMMRs
 - Voluntary industry Codes exist (how effective are they?)
- During RMR we considered a number of options, including accrediting TPI codes. However, there was an overwhelming call for:



- Ofgem started work on a Code contents through working groups
 - Objective of the Code of Practice: set out the principles for TPIs to follow to improve consumer/TPI interactions

Next Steps

- Continued stakeholder engagement
- Consultation on Code of Practice, its contents and governance structure by end of 2013



Smarter Markets Programme & TPIs

Our ambition “Smarter markets” that are more efficient, dynamic and competitive, delivering better outcomes for consumers.

Change of supplier

Demand-side
response

Electricity settlement

Consumer
empowerment &
protection



Key interactions:

- **Demand side response** – the role of intermediaries in addressing the challenges facing market development
- **Change of supplier** - the opportunities/issues presented by faster switching
- **Consumer empowerment and protection** –considering the data and information needs of TPIs to effectively empower consumers in a smarter market

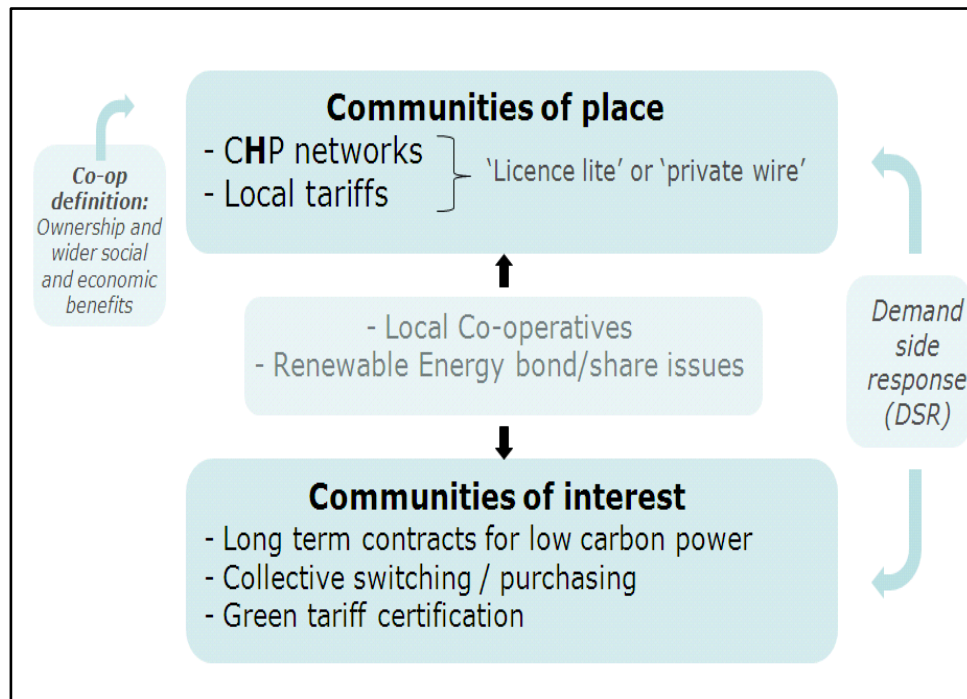
Question:

Any other areas stemming from the roll-out of smart meters that may be relevant to TPIs which could be included in the smarter markets programme?

Community Energy defined

The concept of 'community energy' is becoming more prevalent politically and in reality.

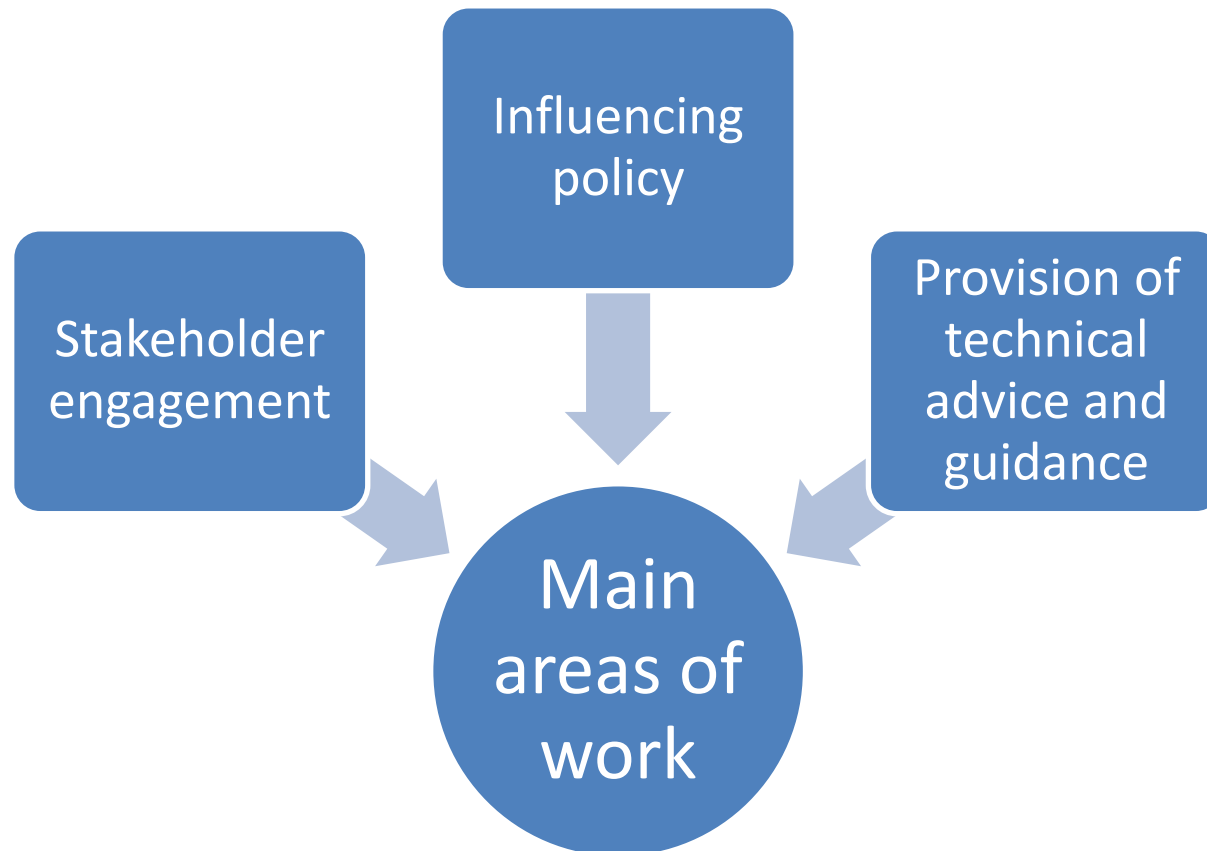
Defined as predominantly renewable energy sources under 50MW in independent/community ownership, often with social renewal/revenue objectives



Examples may be a community owned wind farm or community led energy efficiency service

Community Energy: Ofgem's work

In line with our primary duty to protect consumers, Ofgem has an interest in community energy.

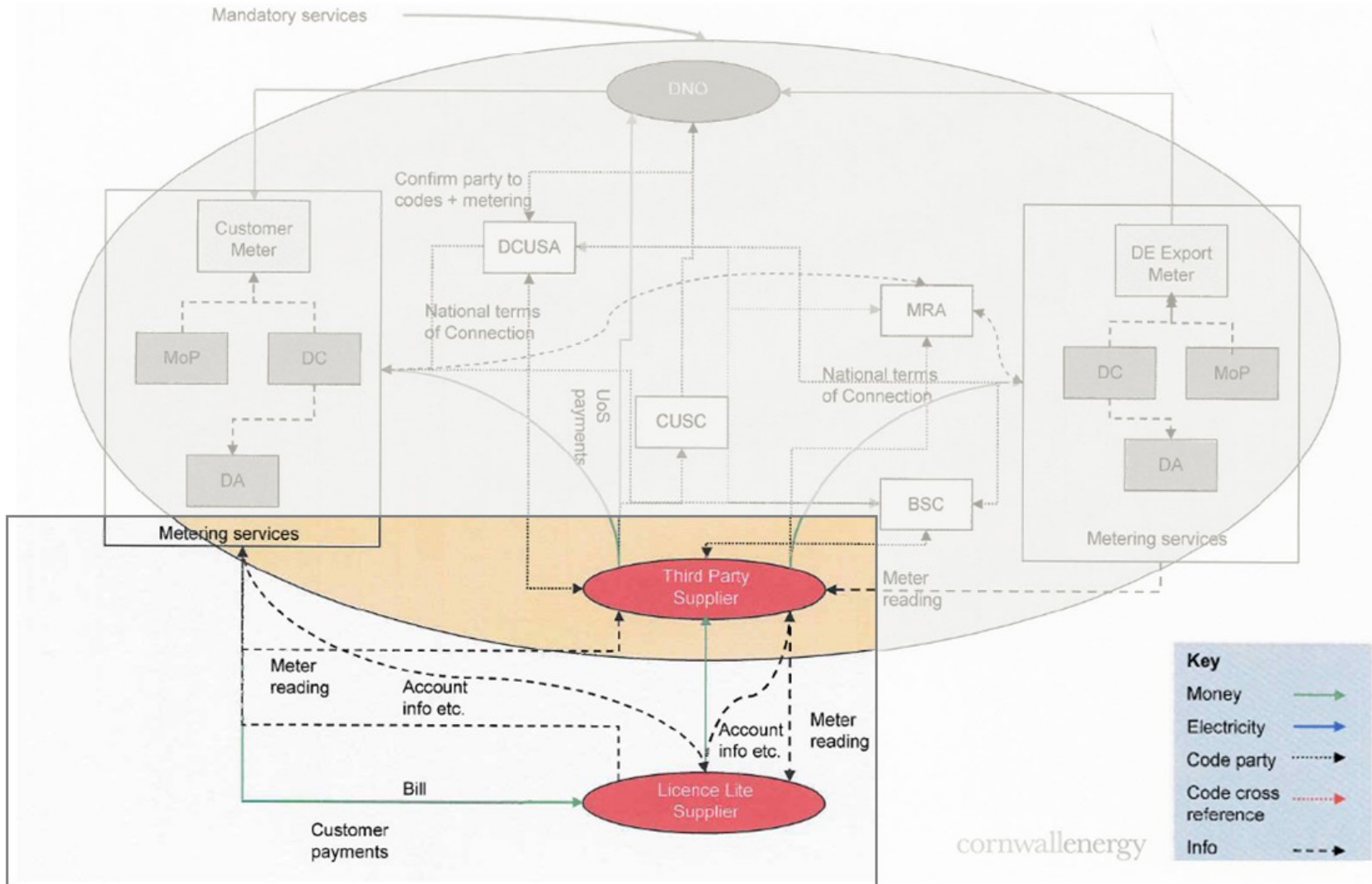


What is Licence Lite?

A licence modification allowing Licence Lite parties to apply for a **full electricity supply licence and a direction** relieving them of their obligation to be a direct party to certain industry codes (MRA, DCUSA, CUSC, BSC), provided that **commercial arrangements** are in place for a third party fully licensed supplier (TPLS) to discharge code compliance in these areas on their behalf.

Licence Lite

How does it work?



cornwallenergy

Consumer Futures

Gillian Cooper

Breakouts – Briefing



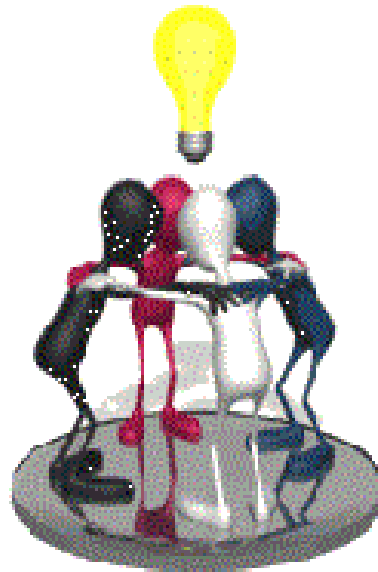
Lunch



AFTERNOON AGENDA

- Breakout One
- Feedback
- Tea & Coffee
- Breakout Two
- Feedback
- Goodbye

Breakout Session One



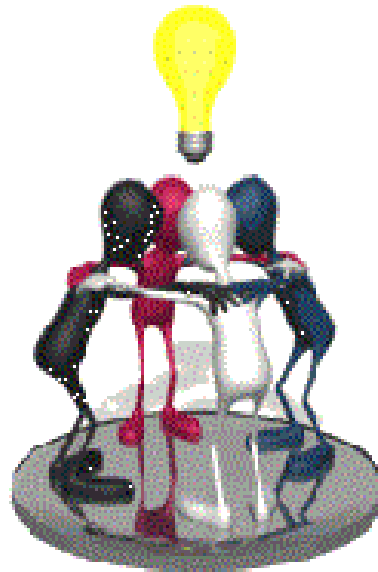
Breakout One: Feedback



Tea & Coffee



Breakout Session Two



Breakout Two: Feedback



Thank You & Next Steps



Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.