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# Non-domestic consumers and the Change of Supplier (CoS) process

## Qualitative research findings

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Prepared for:

Ofgem



September 2013

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# 1. Executive summary

## 1.1 Introduction

The Change of Supplier (CoS) process is a specific part of the process of switching between energy suppliers, taking place between the time of the customer signing a contract with a new supplier and the customer being transferred over to the new supplier. As part of its Smarter Markets work programme, Ofgem is proposing to reform the CoS process with the aim of achieving a fast, reliable, simple and cost-effective process that facilitates competition between suppliers and builds consumer confidence. Non-domestic (as well as domestic) consumer issues related to broader market engagement issues including earlier stages of the switching process are being addressed separately as part of Ofgem's Retail Market Review<sup>1</sup>.

To inform the CoS project, Ofgem commissioned independent research with non-domestic (business) consumers to complement the research already undertaken within the domestic market through the Consumer First Panel<sup>2</sup>. Receiving feedback from non-domestic as well as domestic consumers will ensure that Ofgem can draw on a strong evidence base to ensure its proposals benefit all consumers.

Ofgem required research to explore what characteristics non-domestic consumers would want in a future change of supplier process and what value non-domestic consumers attach to these characteristics. Ofgem was also keen to understand how different factors within the switching process might influence engagement with the market. The three parameters focussed on in the research were the speed of switch, the reliability of the switch (including any issues during the transfer), and the simplicity and efficiency<sup>3</sup> of the process.

A two-stage qualitative research study was undertaken with a total of 21 non-domestic consumers (11 from micro and small businesses, and 10 from medium and large businesses) and 5 third-party intermediaries (TPIs)<sup>4</sup>.

The research commenced with a series of preliminary telephone interviews to gather background information on participants, and to get some provisional insight into their experiences of, and engagement in, the market. This was followed by a 2.5 hour workshop that took place at Ofgem's office in London on 31 July 2013.

<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/39355/retail-market-review-final-non-domestic-proposals22-marchfinal.pdf>

<sup>2</sup> Ofgem's Consumer First Panel comprises around 100 consumers who are broadly representative of the British population. Panellists generally meet three or four times each year to explore a range of issues regarding Ofgem policy. Panel participants change every year.

<sup>3</sup> By efficiency, Ofgem means the efficiency of the process for the consumer. This could for instance include considerations of the amount of effort required from them to progress the process, the extent to which unnecessary stages are included, or a consideration of the transactional costs to them.

<sup>4</sup> Third Party Intermediaries (TPIs) are parties who are not an energy supplier, but engage with a domestic or non-domestic consumer to assist consumers with their energy supply needs. TPIs can offer advice and products to assist with a range of functions including energy procurement, efficiency and management. Please refer to Figure 5 for more details on the sample composition.

## 1.2 Experiences and views of the current CoS process

### 1.2.1 Reliability and issues during transfer

Most participants from micro and small businesses had not experienced substantive issues with the CoS process itself. The main barrier this group faced was the perceived complexity of the market and the time required to engage with it. Additionally, some were put off by numerous inbound sales calls they receive, particularly from brokers.

By contrast, decision-makers from most medium and large businesses, particularly those with multiple sites or other complex metering arrangements, reported experiencing specific issues with the CoS process. The most common problem reported by both medium and large businesses, as well as by TPIs, relates to a perceived high incidence of supplier objections to transfers. Dealing with these was often a source of frustration. This was because, where objections occurred, these typically required a high level of consumer (and in some cases TPI) involvement to resolve. Despite this intervention, in many cases transfers still failed, resulting in the business needing to pay out of contract<sup>5</sup> rates as a result. There was a common perception amongst consumers and TPIs alike that many supplier objections are made without a valid reason. Related issues that were also identified included the outgoing supplier not informing the customer of the objection (either at all or in a timely way), or not explaining the grounds for the objection.

Those consumers who had experienced objections felt that they were the single greatest impediment to the reliability of the CoS process. It also contributed to a view that the CoS process currently works in favour of suppliers rather than consumers, and a perception that it is open to abuse.

Objections aside, some medium and large businesses and TPIs had also experienced issues with the reliability of transfers. They reported meters had not been aggregated<sup>6</sup> for their portfolio and issues with data quality (e.g. inconsistent meter readings or errors in recorded meter numbers etc.).

Finally, a few participants reported billing issues. These included double billing (from old and new supplier), late bills, and incorrect bills, which participants felt could have significant financial implications for customers.

### 1.2.2 Speed

The speed of CoS did not spontaneously emerge as an issue for either non-domestic consumers or TPIs.

One reason for the lack of initial focus on speed of CoS specifically was that the majority reported signing contracts with new suppliers a number of months in advance of the previous contract ending. This practice is driven by customers generally being required to

<sup>5</sup> Rates applied to consumers who have not agreed a pricing arrangement or their pricing arrangement has expired or been terminated.

<sup>6</sup> Grouped together for the purposes of simultaneous transfer.

serve termination notice on their old contract under current market practices. For these customers the current approximate three-week switching process was not felt to be unduly problematic if the transfer was definitely to proceed in that timeframe. Some were also concerned a shorter timeframe might reduce the opportunity to resolve objections.

Upon further consideration by participants, a shorter time frame was felt to be possible (given the opportunities afforded by smart metering to provide instant usage data for changeover billing<sup>7</sup>). A faster CoS was also perceived to have some advantages if it could be guaranteed that a faster transfer would not be at expense of reliability. Participants spontaneously identified some circumstances in which a faster switch could be beneficial including:

- When customers find themselves on an out of contract rate and wish to move off this quickly or ideally avoid paying it altogether.
- When customers wish to negotiate a contract closer to the point of transfer to get a better deal.

### **1.2.3 Simplicity and efficiency**

There was a view that the simplicity and efficiency of the process could be improved. The current experience of objections was felt to have a significant bearing here. Further to this, there was a perceived lack of uniformity in the process and insufficient communications provided by suppliers to ensure consumers are fully informed of the progress of their transfer and the timeframe for its completion.

## **1.3 Other related issues**

It was apparent through this research that non-domestic consumers do not generally experience CoS as a separate or discrete process to the wider switching experience. As such, they raised a number of issues that relate more to their engagement with the market more generally. The general consensus was that these issues caused more problems in the market than the CoS process itself. Consumers of all business sizes reported issues with the contract termination process. These included a lack of transparency about contract end and notice period dates<sup>8</sup> and suppliers not acknowledging receipt of a customer's termination notice.

Out of contract rates were also identified as another significant issue. These were seen to unduly penalise consumers if a transfer, for whatever reason, is not successful on the expected date.

<sup>7</sup> Smart meters are the next generation of gas and electricity meters and they can offer a range of intelligent functions. For example they can tell customers how much energy they are using through a display in the home. They can also communicate directly with a customer's energy supplier meaning that visits to a customer's premises will no longer be necessary to read the meter. The Government is requiring energy companies to install smart meters for their customers. Smart meters will be rolled out as standard across the country by 2020, but there will not be a legal obligation on individuals to have one.

<sup>8</sup> Date by which a customer is required to provide termination notice to their old supplier regarding their contract (or face the prospect of their transfer being objected to).

## 1.4 Suggested improvements to the CoS process

The following table summarises all of the main ideas and suggestions from participants relating to the CoS process specifically:

**Figure 1 – Non-domestic consumers’ suggested improvements to the CoS process**

<p><b>Overarching CoS principle from non-domestic consumers’ point of view</b></p>	<p><i>‘The customer has the right to a hassle-free transfer’</i></p>
<p><b>Reliability: Objections</b></p>	<p>Ideally remove or significantly curtail the right of suppliers to object to a transfer, but if not:</p> <ul style="list-style-type: none"> <li>• Objections should be independently policed and spurious objections should be heavily penalised.</li> <li>• Being in debt should not be a legitimate reason for an objection (as suppliers can still collect debt from non-customers).</li> <li>• The outgoing supplier should be obliged to inform the customer promptly when an objection is made and be informed of the reasons why it is being made.</li> </ul>
<p><b>Reliability: Other improvements</b></p>	<p>Other suggestions for improving reliability included:</p> <ul style="list-style-type: none"> <li>• An online portal that draws data from smart meters and gives all parties (including consumers and TPIs) access to accurate consumption information – this was felt to help with getting correct and undisputed changeover readings.</li> <li>• Industry committing to enabling aggregation of meter points for transfer – this would help prevent some meters being omitted from transfer in the case of multi meter contracts and therefore being subject to out of contract rates.</li> <li>• Suppliers doing more to resolve any changeover billing issues promptly.</li> </ul>

<p><b>Improvements to speed</b></p>	<p>As described in Section 1.2.2, participants did not spontaneously see speed as an issue, although they felt that a faster process had the potential to be beneficial in some circumstances.</p> <p>It was important for non-domestic consumers that any improvements to speed of CoS should not be at the expense of reliability and should not reduce the opportunity to resolve issues such as objections.</p> <p>Non-domestic consumers expected that a 48 hour CoS window should be feasible (for both electricity and gas) once smart metering has been rolled out, and some participants noted that this is the timeframe for contract transfers in other sectors (such as mobile communications).</p>
<p><b>Improvements to simplicity and efficiency</b></p>	<p>If issues with objections were resolved, the consensus was that the process would be significantly more simple and efficient. Additional suggestions included:</p> <ul style="list-style-type: none"> <li>• Standardising the process so it is easier for consumers to understand.</li> <li>• New suppliers providing better communication throughout the CoS process so that consumers know what to expect and when.</li> </ul>

## 1.5 Other ideas and suggestions

As mentioned in Section 1.2, the focus of this research was the CoS process as the non-domestic Retail Market Review<sup>9</sup> has looked at other wider engagement issues. However, non-domestic consumers did not perceive CoS to be a separate and discrete process and there were wider engagement issues that were also of concern to them. Respondents were provided with an opportunity in the in-depth interviews and workshop to identify any other ideas and suggestions that they felt would improve overall non-domestic consumer engagement in the market. These centred on issues around contract termination and agreement of contracts with the new supplier.

**Figure 2 – Non-domestic consumers’ other ideas and suggestions**

<p><b>Contract termination and out of contract rates</b></p>	<p>End automatic contract rollovers and a move to opt-in renewal.<sup>10</sup></p> <p>It was also felt that incumbent suppliers should:</p> <ul style="list-style-type: none"> <li>• Increase transparency of contract end dates and notice periods, for example by publicising these dates clearly on bills.<sup>11</sup></li> </ul>
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<sup>9</sup> <https://www.ofgem.gov.uk/retail-market-review/retail-market-review-publications>

<sup>10</sup> At the time of writing, 5 of the ‘Big 6’ suppliers have made announcements committing to stop automatic rollovers by 2014 with the final ‘Big 6’ supplier keeping rollovers but removing exit fees.

<sup>11</sup> From 31 March 2014, Ofgem requires non-domestic suppliers to include the contract end date and last date of termination on bills for micro business customers.



	<ul style="list-style-type: none"> <li>• Provide warnings to customers prior to placing them on out of contract (or deemed)<sup>12</sup> rates.<sup>13</sup></li> <li>• Shorten the contract termination notice period but inform customers further in advance of the notice period so they have more time to review the market.</li> <li>• Make every effort to ensure that the customer receives this notification of the notice period. For example, by sending it by email as well as post.</li> <li>• Confirm receipt of the customer’s termination notice.</li> </ul> <p>In addition, there was a strong desire to see out of contract rates made subject to regulatory controls. The view was that out of contract rates currently are disproportionately high and with no discernable link to the price of energy.</p>
<b>New contracts</b>	<p>Micro and small businesses also wanted to see improvements to the process of agreeing new contracts:</p> <ul style="list-style-type: none"> <li>• Guarantee that verbally agreed rates would be complied with, and followed up with confirmation in writing.</li> <li>• Streamline and simplify contract documentation (current paperwork perceived to be too lengthy and complex).<sup>14</sup></li> </ul>

<sup>12</sup> A deemed contract is normally in place when any type of customer moves in to new premises and starts to consume gas and/or electricity, without agreeing a contract with a supplier. A deemed contract may also exist where an existing contract comes to an end but the customer continues to consume gas and/or electricity.

<sup>13</sup> Under current rules, suppliers must provide micro businesses with a statement of renewal terms, including the terms that would apply if a customer has sent termination notice but does not appoint another supplier (i.e. out of contract rates). For most suppliers this should happen around 60 days before the end of a contract (but could be up to 120 days).

<sup>14</sup> Standards of Conduct came into effect from 26 August 2013 as part of Ofgem’s RMR non-domestic proposals. These Standards require that suppliers treat micro business fairly and apply to any written or oral communication regarding contractual information. Protections already exist for micro-businesses requiring suppliers to set out the key terms and conditions of a contract in plain and intelligible language.

## 2. Introduction

### 2.1 Background and aims

The Office of Gas and Electricity Markets (Ofgem) is the independent economic regulator of Britain’s gas and electricity markets. Its principal duty is to protect the interests of existing and future consumers, including non-domestic (or business) consumers.

The Change of Supplier (CoS) process is a specific part of the process of switching between suppliers, taking place between the time of the customer signing a contract with a new supplier and the customer being transferred over to the new supplier.

Figure 3 – CoS process in context

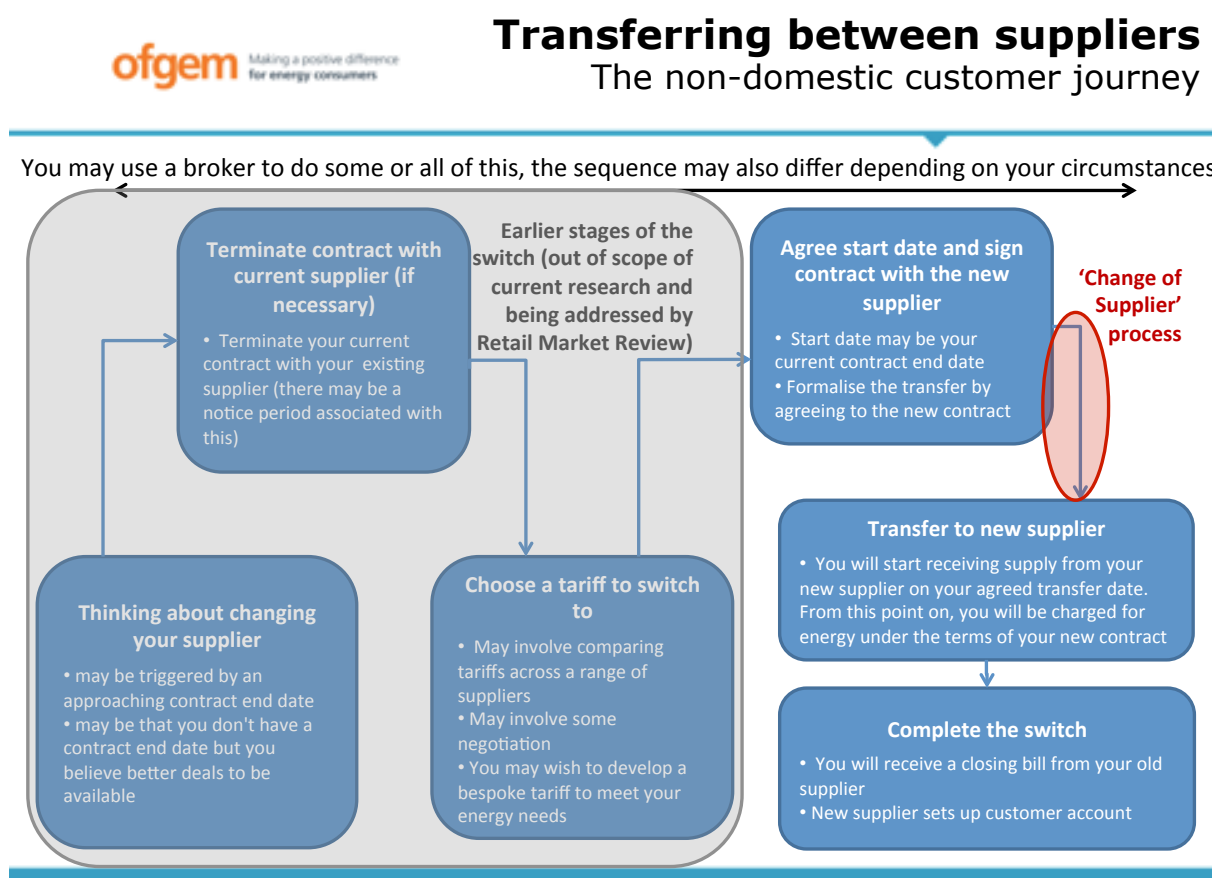
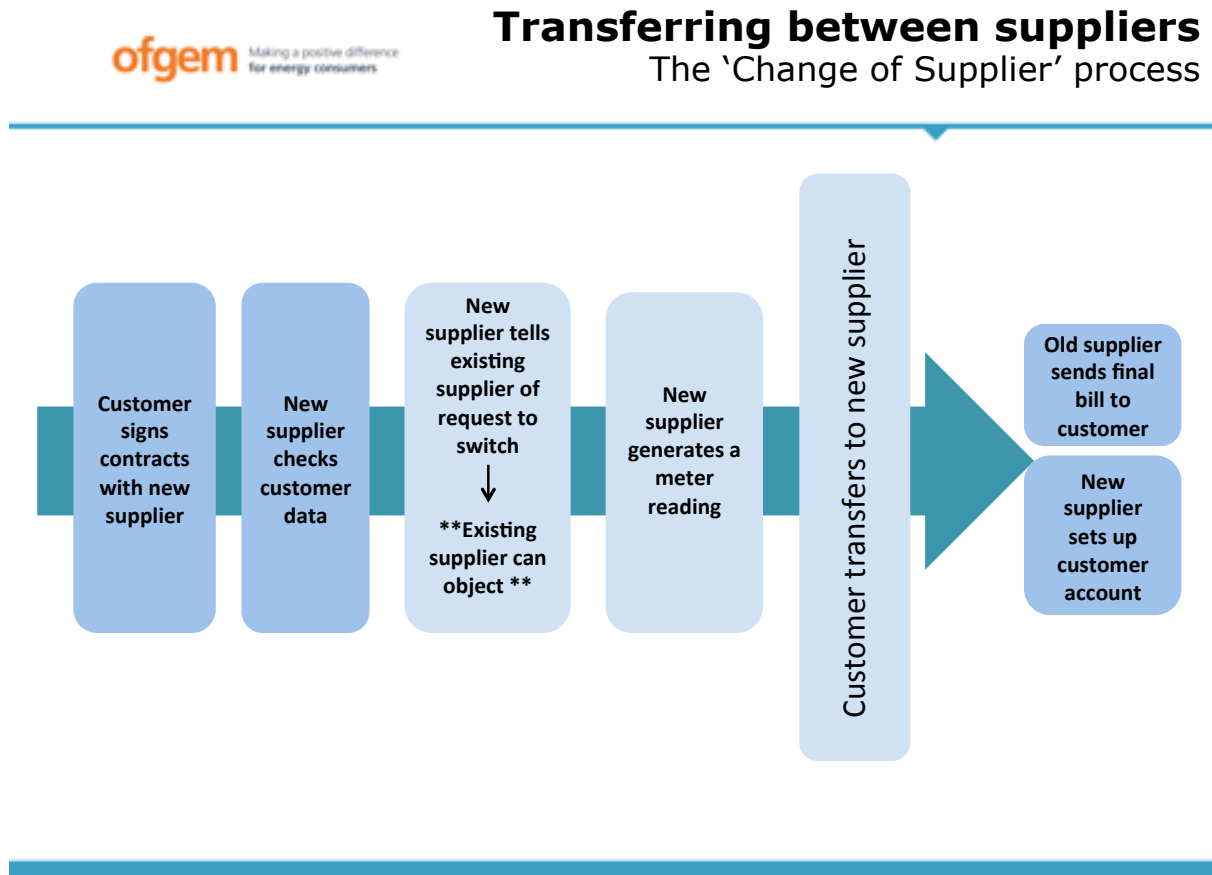


Figure 4 – CoS process in more detail



As part of its Smarter Markets work programme, Ofgem is proposing to reform the CoS process with the aim of achieving a fast, reliable, and cost-effective process that facilitates competition and builds consumer confidence. Non-domestic consumer issues with earlier stages of the switching process are being addressed separately as part of Ofgem’s Retail Market Review (RMR). More detail can be found in the ‘The Retail Market Review - Final non-domestic proposals’.<sup>15</sup> A high level summary of the measures can also be found in slide 7 of appendix 11.4.

<sup>15</sup> <https://www.ofgem.gov.uk/ofgem-publications/39355/retail-market-review-final-non-domestic-proposals22-marchfinal.pdf>

To inform this CoS work, Ofgem commissioned independent research with non-domestic consumers to complement the research already being undertaken with domestic consumers. Receiving feedback from non-domestic as well as domestic consumers will ensure that Ofgem can draw on a strong evidence base to inform its proposals.

Ofgem required research primarily to:

- Explore what characteristics non-domestic consumers would want in a future change of supplier process.
- Understand what value non-domestic consumers attach to these characteristics.
- Determine how different factors within the switching process might influence engagement with the market.

Ofgem was particularly interested in understanding what characteristics business consumers of different sizes would want to see within the context of three distinct parameters:

- The speed of the CoS process.
- The reliability of the CoS including any issues incurred.
- The efficiency and simplicity of the CoS process from a consumer perspective.

## 2.2 Research approach and methodology

### 2.2.1 Sample

A research study was undertaken with a total of 21 non-domestic consumers (11 from micro and small businesses, and 10 from medium and large businesses). All participants were required to be sole or joint energy decision-makers in their businesses. Some had switched suppliers within the last two years, whilst others had either previously considered switching or were open to considering it in the future. A range of industry sectors and energy suppliers were represented in the sample. Most respondents were recruited by Collaborate Research, but Ofgem also invited three very large non-domestic consumers, who were identified through its Large Users Group, to participate.

More detail on the sample is provided in Figure 5 below and the recruitment screener can be found in the Appendix.

**Figure 5 – Sample breakdown**

Company size	Switching	Sector	Energy use	Suppliers
4 x micro (under 10 employees)	13 x past switchers	Range of sectors represented including; manufacturing wholesale and	Most used both electricity and gas supplies.	Non-domestic consumers had experience of a good cross section of
7 x small (10-49 employees)	5 x past considerers		The majority of	

<p>4 x medium (50-249 employees) 6 x large (250+ employees)</p>	<p>3 x future considerers</p>	<p>retail trade; hotels and restaurants; real estate, renting and business activities; health and social work; community, social and personal services; and government.</p>	<p>medium and large businesses had complex metering arrangements (e.g. multiple sites, different metering types, etc.). Several were consumers with high gas use, either relative to their electricity spend or in absolute terms because of the specific needs of their business.</p>	<p>suppliers, including a number of smaller suppliers.</p>
<p><b>Note on geographic distribution:</b> Given the scale of this project and the location of the workshop in London, participants were drawn from London and the South East.</p>				

In addition, five Third Party Intermediaries (TPIs) were included in the research, four of whom were invited to participate by Ofgem<sup>16</sup> and one who was free-found.

### 2.2.2 Research stages

Once participants had been recruited, the research commenced with a series of preliminary telephone interviews to enable further background information to be collected, and participants' experiences and views of switching as a whole to be briefly explored. These interviews also provided the opportunity to explain to participants the specific aim of this research so they were fully prepared and ready to engage at the workshop.

Detailed feedback on the CoS process was primarily gathered via a 2.5 hour workshop that took place at Ofgem's office in London on 31 July 2013. This was attended by a total of 23 participants (19 non-domestic consumers and 4 TPIs). The focus of the workshop was to generate ideas on how improvements to the CoS process could be made in three main areas: (1) speed, (2) reliability, and (3) simplicity & efficiency.

The workshop commenced with a short presentation from Ofgem on its CoS project and then the participants broke off into 3 separate groups (1 each of micro/small businesses,

<sup>16</sup> The TPIs who took part in the workshop were selected from Ofgem's TPI note of interest list for their non-domestic working group. The selection of TPIs was based on the organisational business size, representing their customer base. This was to ensure there was representation across a range of business sizes.

medium/large businesses and TPIs) for further in-depth discussion, prior to a final plenary feedback session.

3 participants (2 non-domestic consumers and 1 TPI) who could not attend or be accommodated in the workshop and so contributed their views by telephone or in writing.

Copies of the discussion guides used in the tele-depths and workshop are included in the Appendix. A copy of a slide deck which was used to explain the CoS process and to guide the subsequent discussions can also be found in the Appendix.

## **2.3 Report structure**

This report details the main findings from the workshop and additional feedback provided from participants. It has been arranged into the following sections:

1. Spontaneous views of market engagement and switching
2. Views of the CoS process
3. Perceived reliability of CoS
4. Perceived speed of CoS
5. Perceived simplicity and efficiency of CoS
6. Suggested improvements to the CoS process
7. Other ideas and suggestions
8. Conclusions

### 3. Spontaneous views of market engagement and switching

As mentioned in the Introduction (Section 2), the focus of this research was on the CoS process specifically. Other Ofgem work (including the RMR) has looked at wider market engagement and switching issues experienced by both non-domestic and domestic consumers.

However, it became apparent in this study that non-domestic consumers did not perceive CoS to be a separate and discrete process and there were other engagement issues that were also of concern to them. Respondents were therefore provided the opportunity in the in-depth interviews and workshop to identify any other ideas and suggestions that they felt would improve the consumer switching process.

These findings provide useful context to perceptions and experiences of CoS and therefore have been included below.

#### 3.1 Time required to engage

For most non-domestic consumers who participated in this research (particularly those from micro and small businesses), energy decisions were made in-house rather than being outsourced to a TPI. In addition, energy decision-making was typically only one of several roles respondents needed to fulfil in their businesses. The non-domestic consumers represented in this research included business owners, general managers, financial controllers, operations directors, facilities managers, administrators and office managers.

Lack of time to engage in the market was a frequently reported issue. The TPI participants also felt lack of time to be a constraint for the non-domestic customers they represent.

*“I’ve thought about (switching) but I haven’t had time to do anything about it yet.”*  
(Micro/small business)

*“I think the biggest issue for business customers is to make time to deal with their switch... They haven’t got the time because they need to concentrate on making money in their business.”* (TPI)

For those not working with TPIs, the tariff comparison stage was perceived to be particularly time-consuming. Some participants, particularly from smaller businesses, were also put off by the experience of receiving numerous unsolicited sales calls, and this further contributed to their lack of engagement.

*“I’d expect I would have to invest a significant amount of time to compare deals or otherwise take a leap of faith with a broker.”* (Micro/small business)

*“You get so many calls from different brokers and suppliers, and they all claim that they’re cheaper, you’ll save millions if you switch to them. So it’s difficult if you don’t have the time to spend looking into all the suppliers to find out who is really cheap.”*  
(Micro/small business)

For larger businesses, particularly those with multiple sites or other complex metering arrangements (such as multiple meters, different metering types etc.), the administrative time required to ensure an efficiently managed switch was felt to be substantial. Some of the administration burden specifically relates to meeting the key notification deadlines.

*“There’s a lot of administration with 17 sites...In terms of process (you need to ensure) prompt billing from the start, efficient meter reading and handover of meter readings with the previous supplier, and intelligent estimated bills.”* (Medium/large business)

*“It takes a great amount of care and scheduling to make sure everything’s done according to the due process and timescale, because if you miss any of those you’re screwed.”* (Medium/large business)

### 3.2 Communications issues

Another wider switching issue of concern to all parties in this research was the perceived lack of transparency in communications from existing suppliers. This specifically related to:

- Informing their customers about existing contract end dates and notice periods; and
- Acknowledging the customer’s notification of their intention to switch and clearly outlining next steps.

*“Termination dates and notice period dates should be shown on bills because it’s not on bills at the moment... The only time you see that date is when you get your initial contract and it will never say the actual date, it will just say for a 12 month period.”* (Medium/large business)

*“There’s no acknowledgement, and even if you send an email there’s no acknowledgement that they’ve received the email if you do the termination this way.”* (Medium/large businesses)

Without clear communication the risk identified is that consumers could miss their termination window, and/or the existing supplier could make an objection to the transfer request. As such, communication transparency from existing suppliers was felt to be relevant to the CoS process itself.

Ultimately, participants believed that this lack of clarity about key dates and processes could mean that consumers end up being forced to pay much higher out of contract rates. A related gripe concerned how much higher out of contract rates were perceived to be when compared to contract or even deemed rates.

*“Out of contract rates are totally beyond any jurisdiction, they’re punitive.”* (TPI)

Another communication issue of particular concern to smaller businesses was the experience of new suppliers not honouring verbally agreed rates in the subsequent written contract.

*“The rates we had agreed on the phone and the rates that I was sent out on the contracts were completely different... There should be an audit trail of suppliers’*





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*communication with their clients so both sides have proof of what's been talked about.”*  
(Micro/small business)

## 4. Views of the CoS process

### 4.1 Larger versus smaller businesses

The wider switching issues mentioned above tended to be of most concern to smaller businesses, rather than the CoS process itself. In fact, some of those who had recently switched found the CoS process to be relatively straightforward and easy.

*“For me the difficult part is to understand all the rates and choose which provider you will go for. Once you decide on this it should be pretty straightforward as it’s only a matter of signing the contract.”* (Micro/small business)

*“It went really smooth (sic), I think I’m one of the positive ones, it was really easy and there wasn’t any hassle.”* (Micro/small business)

However, once informed in the research of some of the possible reliability issues associated with CoS (see slide 11 of the Ofgem presentation in Appendix 11.4) and having heard from other participants about their experiences of objections, smaller business representatives were surprised at the potential complexity of the process.

CoS was a comparatively more significant issue for medium and large non-domestic consumers compared to those from small and micro businesses. In fact, for medium-large businesses CoS was of equal or greater concern compared to earlier stages in the switching process (e.g. making market comparisons, giving notice to incumbent supplier). This was primarily due to their experiences with objections as will be discussed further in the next section.

## 5. Perceived reliability of CoS and issues during transfer

### 5.1 Objections

Most representatives from medium and large businesses, and particularly those with multiple sites or complex metering arrangements, had direct experience of issues with the CoS process itself. The single biggest reported problem was related to objections to the transfer by the existing supplier. Dealing with this issue was felt to require a high level of consumer (and TPI) intervention to resolve. Nonetheless sometimes transfers still failed, with the business having to pay much higher out of contract rates.

*“There have been a lot of problems over the years where we’ve served notice within the required window period but they’ve refused to accept the termination three or four times. Our broker has had to go to meetings on our behalf and find out why.”*

(Medium/large business)

TPIs also felt that the level of objections (they variously estimated an objection rate of between 10% and 30% of all transfer requests) to be the biggest problem with the CoS process at present. Even with their intervention, TPIs similarly reported that they were still seeing clients failing to transfer between suppliers and being forced onto out of contract rates as a result.

*“I think even for us acting on behalf of the customer we do get some who go onto out of contract rates and it can cost them a lot of money.”* (TPI)

A related problem was perceived to be the outgoing supplier not providing sufficient notification of the objection (either not informing the customer at all, or not in a timely way). In addition, there were reports of not having been given clear reasons for the objection.

*“Often the incumbent supplier won’t tell you that it [the supply] hasn’t transferred, and the first inkling you get is when you get a bill that’s probably double or three times the amount you expected and, from a management perspective, you have absolutely no opportunity to influence that and you’re left to negotiate a very large bill.”*

(Medium/large business)

*“There’s no rule that says when they have to inform the customer by, there’s no uniform format that they have to tell the customer in and there’s no uniformity of content either.”* (TPI)

These issues with objections contributed to a general feeling that the CoS process currently benefits suppliers rather than consumers, and that it can be open to abuse. There were a number of allegations made about objections being made without good reason (e.g. for very small debts) or not used legitimately. For example, one consumer said that their supplier had threatened to block the transfer even though contract termination notice had been provided. The customer therefore entered into a new deal with their existing supplier.

*“It feels as though the process is set up to work in the suppliers’ favour and that it is deliberately manipulated in order to allow suppliers to charge out of contract rates whilst blaming delays on ‘the system’.” (Medium/large business)*

*“The single biggest driver of why customers say the market’s confusing and it’s inconvenient and a hassle is because of the objections... It has an impact on people’s willingness to access the market and on the genuine competitiveness of the market because incumbent suppliers tend to want to keep the good customers the most.” (TPI)*

Participants also mentioned other reliability issues and these have been detailed below. Apart from objections, no single reliability issue was felt in itself to be a sufficient deterrent from going through the CoS process. However, cumulatively they were perceived to contribute to the process being more time intensive, costly and frustrating than it needs to be. The speed of sorting out problems when they occur was also perceived to have a bearing on how much of a ‘hassle factor’ non-domestic consumers experience during the CoS process.

## 5.2 Transfer reliability

There were some reports, mainly from medium-larger business representatives, of not being able to get multiple meters (on one site or across various sites) transferred at the same time. This was despite them expecting an aggregation would be possible (as they received aggregated billing).

*“The incumbent supplier may provide invoices with all the meters showing, leading the customer to believe they are aggregated, however this could have been just an internal paperwork aggregation by the supplier for billing purposes. It is only post-transfer that the customer may find out that one or more meters have been left behind and are charged an out of contract or deemed rate.” (Medium/large business)*

In addition, some had experienced transfer delays or problems related to data quality issues. These included problems with consumption data (e.g. not getting agreement over changeover readings) or with incorrect meter information (e.g. the supplier having the wrong meter details on their records).

*“I’ve had an issue where both companies send meter readers and both of them come up with different readings.” (Medium/large business)*

Another issue for some consumers was the existing supplier claiming that no notice to terminate their contract had been received.

*“We just decided to go with a new supplier and we then received a letter from our old supplier saying ‘you’ve obviously decided to stay with us because you haven’t given us any notification’, which we have done. I’ve now got that to deal with.” (Micro/small business)*

### 5.3 Billing reliability

It was not clear whether all of the billing issues raised in this research related to the CoS specifically, or whether some were ongoing matters.

However, there were reports of double billing because the direct debit from their old supplier had not been cancelled or because of an objection to the transfer.

*“We’ve had situations where we thought that the old contract’s been terminated and the new one’s been accepted and then we’ve been billed twice, once by the old company and then by the new company.”* (Medium/large business)

*“We had this experience where a contract for 10 of our sites was transferred and, because the direct debits weren’t cancelled by our accounts department, the old supplier reissued bills for all 10 of our sites...I’m still trying to sort that out.”*  
(Medium/large business)

There were also mentions of other CoS-related problems such as initial under-billing and late billing (related to inconsistencies in, or disagreements over, changeover reads). The impact of these billing issues can be significant. For example, there was one anecdotal reference from a TPI about a client being close to bankruptcy because they received an opening and closing bill at the same time. Several also complained about delays in being refunded outstanding credit balances.

### 5.4 Other reliability issues

Participants were also asked if there were any experiences of erroneous transfers (i.e. where customer is transferred without havng asked to be), or with the process taking longer than was initially agreed. No one involved in this research reported the experience of a transfer that they did not request. However, as previously mentioned, the experience of objections could make the whole switching process feel like it was more time and resource intensive that it should have been.

## 6. Perceived speed of CoS

### 6.1 Existing behaviour and views

In the workshop discussions around speed, spontaneous reactions to the speed of the switch were initially gathered. Ofgem then presented a slide explaining how the speed of the CoS can impact the timelines experienced by customers. Participants were informed that for the majority of non-domestic customers on fixed term contracts, the speed of switch determines how many weeks before their preferred transfer date they must agree a contract with their new supplier. For those customers not on a fixed term contract, the speed of transfer determines how long they must wait after signing a new contract to start receiving supply under the terms of that new contract. Ofgem also explained that the CoS process typically takes about three weeks for electricity (although in practice it could be faster than that), and around three weeks for gas.

It became apparent in the discussions that the CoS does not currently feel like a three week process to most non-domestic consumers. This is because the lead-time for agreeing a contract with a new supplier ahead of the old contract ending was typically a lot longer. Participants reported that the main influence of when a new contract is signed is not the speed of CoS itself, but when contract termination notice is required to be given to the old supplier. For example, if three months of notice is required, most consumers will have started looking for a new deal at around this time if not before. This was so that they could be ready to sign a new contract at around the same time they were required to give notice to their existing supplier.

*“If you have to give three months notice then I’m not likely to do this without having started a conversation with a new supplier. So you’re saying it happens in three weeks but that doesn’t match up to my current experience at all.”* (Medium/large business)

*“I’ve started to negotiate a contract that finishes in November and it’s only the end of July. I’m having to think that far ahead of this three week process.”* (Medium/large business)

In TPIs’ experience, electricity transfers can sometimes take place in less than three weeks in practice but gas transfers normally take a month rather than three weeks. They agreed with non-domestic consumers that the process feels longer as the consumer may have signed the new contract several months in advance of the CoS process taking place.

### 6.2 Ideal speed of CoS

Overall, given current practices of contract termination and objections (as detailed in Section 6.1), most non-domestic consumers involved in this research could not initially see a reason to reduce the CoS timeframe.

Reliability of the process, and objections in particular, also remained a key concern. Some worried that a shorter time frame could further reduce the opportunity to resolve objections, given their experiences.

*“One objection and your three weeks have gone. So the principle has to be to say if I sign a contract with a new supplier the site will transfer...because without that I’d be very surprised if anyone would decide to risk it.”* (Medium/large business)

From the perspective of TPIs, a faster transfer is a ‘nice to have’, but reliability was a far higher priority.

*“It’s this artificial window that crushes everything in at once...It’s already crammed into this tiny little window compared to the notice period that supplier has had that the customer is leaving, and this is where all the problems occur.”* (TPI)

*“I’d rather trade speed with guaranteed transfer because customers have no transparency about how long the Change of Supply process takes... Guaranteed is more important than quick and failing.”* (TPI)

However, upon further consideration, participants themselves suggested that for some customers in particular circumstances, a shorter timeframe could have some potential advantages. The main one was in the event a customer found themselves on out of contract rates and wished to switch onto a cheaper tariff quickly:

*“Hopefully it will help people get out of deemed or out of contract rates more quickly, and without being stuck with the incumbent supplier.”* (TPI)

In addition, larger businesses and TPIs identified the possibility of securing more competitive rates closer to the point of transfer (when the risk premium is lower). However, smaller businesses were less certain about this point and felt that there was a risk that rates could be higher as well as lower.

*“Market risk premiums come down the closer to delivery you get so inevitably you’ll get better pricing.”* (Medium/large business)

Having earlier discussed the perceived risks around how a faster CoS might impact the objections process, participants reflected on how a faster CoS might support an improved objections process. There was seen to be an opportunity for a more streamlined process over a shorter period of time. For example, respondents felt that having a shorter CoS process might reduce the time and therefore opportunity for existing suppliers to object. Another possibility identified was that suppliers who objected would have to do so earlier, resulting in less chance of conflicting or out of sequence communications.

There was a suggestion that the opportunities afforded by smart meters, coupled with what is possible in other sectors (e.g. mobile phones), mean the CoS process should realistically be expected to take as little as 48 hours.

In contrast, some customers with very complex metering arrangements would like the option to start the CoS process further in advance of the transfer date in order to ensure reliability.

For example, if the transfer request was submitted 'early' and the old supplier had a short window to decide whether to object, the consumer could find out quickly if the transfer had been objected to and still allow time for resolution of the objection in order for a successful transfer. It should be noted that it is already possible under current arrangements to start the CoS process further in advance of the transfer date (rather than leaving it to the final circa three week period before the existing contract ends). However, non-domestic customers' comments in this area suggest that this is not common practice or well understood.



## 7. Perceived simplicity and efficiency of CoS

### 7.1 Consistency of process

Smaller businesses felt that one of the biggest transfer issues currently is uncertainty about termination of contracts and the subsequent CoS process. TPIs concurred and felt that a lack of consistency in the supplier handling of contract terminations is a key source of consumer confusion.

*“I think from a customer perspective, the biggest problem is that every supplier deals with [contract terminations] in a completely different way. So every single one of them have got a different termination window, a different way of notifying a renewal, a different way of accepting terminations. There’s not even a standard channel for notification and a lot of times the notifications go missing.” (TPI)*

### 7.2 CoS communications

The lack of clarity about contract end dates and notice periods was felt by participants to have an impact on the simplicity and efficiency of the switching process generally.

In addition, with respect to the CoS process, there were reports of receiving conflicting communications from the old and new supplier (e.g. a welcome letter from the new supplier followed by an objection letter from the existing one).

*“...you’ll get a letter in the post from the new supplier welcoming you and then a week later you’ll get a letter from the old supplier saying we’re not going to transfer you because it’s outside the window period or something...and it’s all out of sequence.” (Medium/large business)*

As previously mentioned, another issue was that several participants had not received notification of an objection. In some cases, participants reported that they had been notified of an objection, but without the reasons explaining why it had been raised or without sufficient time to resolve the issue.

Finally, some respondents from smaller businesses indicated that they would welcome more proactive communications from their intended new supplier during the CoS process, for example to update them on progress and outline any actions required from the customer.

### 7.3 Other simplicity and efficiency issues

Participants were also asked whether they could see value in switching gas and electricity supplies over at the same time, or switching of multiple meters or multiple sites at the same time.

As dual fuel deals were not perceived to exist currently in the non-domestic market, most could not see a particular benefit of aligning the switch of gas and electricity supplies. That said, a few micro and smaller businesses did feel aligning the transfer of both energy types

could be advantageous. In particular, they felt it could reduce the administrative burden of having to review the market at two separate times.

There was broad consensus amongst those with complex metering arrangements that syncing the switch of all meters or sites would be very helpful. Some participants had tried to align the timings themselves, for example by going on shorter bridging contracts to align contract timings. However, even with aligned contracts, some larger businesses with multiple meters were still experiencing issues with meter aggregation. One of the largest business consumers also pointed out an additional risk from batch switch requests was the possibility that if an objection was made against one meter point, then the whole request for a transfer could fail.

## 8. Suggested improvements to the CoS process

The main focus of this research was to draw on current non-domestic consumer experiences in order to identify how the CoS process could be improved in future. Participants made several suggestions for improvements. Most were practical points but there were also suggestions about an overall principle that should govern the entire CoS process.

### 8.1 An over-arching principle

Non-domestic consumers felt that to be genuine about improving the CoS process, the industry would need to adhere to the general principle that ‘the consumer has the right to a hassle-free transfer’. In the view of participants, the current market is a long way from this. There was a general feeling that changes are required, not just with respect to CoS specifically, but also the wider process of contract renewal, including notification of termination and out of contract rates.

*“For me it’s about the right to transfer. I made the decision to transfer and I want to transfer. The process should enable me to do that rather than the current obstacles that prevent you from doing that.”* (Medium/large business)

*“I think it’s all about mind set. (Suppliers) seem to have the attitude that ‘it’s in our interests to make the changing process as difficult as possible’...Changing this requires not just twiddling the knobs, but a complete change of attitude that in an open market a free movement of customers should be allowed and, therefore, objection should be a last resort rather than a first resort.”* (Medium/large business)

### 8.2 Improvements to reliability and issues during transfer

#### 8.2.1 Resolving the objections issue

The key reliability issue was objections. Participants indicated that they would ideally like to see the right for suppliers to object be removed or significantly curtailed.

However, if this will not be possible, they wanted objections to be independently policed and suppliers to be heavily penalised for proven transgressions.

There was a view that being in debt, particularly if the amounts are small, should not be a legitimate reason to object to a transfer. Participants pointed out that it is still possible for debt to be collected from non-customers, a practice that is common in other sectors.

It was also clearly felt that there should be an onus on the outgoing supplier to inform the customer promptly of any objection and clearly explain the reasons for making it.<sup>18</sup>

<sup>18</sup> Please see Standard Conditions of the Electricity Supply Licence and Standard Conditions of the Gas Supply Licence, condition 14, paragraph 14.3 (<https://epr.ofgem.gov.uk/Document>) for the current obligations on suppliers to notify customers of objections. Under that standard licence conditions the supplier must inform the customer; a) that it has made a request to prevent the transfer, b) of the grounds for the request; and c) how the customer may dispute or resolve those grounds, as soon as reasonably practicable after raising the objection.

There was a general consensus that improvements in the objections area would make a significant difference, not just to reliability, but also to the simplicity and efficiency of the CoS process.

### **8.2.2 Other improvements to reliability**

There were also suggestions related to improving other areas of transfer and billing reliability.

For example, TPIs suggested that there should be an online portal that enables all parties (suppliers, consumers, TPIs) to have access to accurate consumption data, facilitated by smart meters.

Large businesses with multiple supply points wanted the industry to commit to aggregating supply points for transfer.

There was also a view that suppliers should do more to resolve billing errors related to switching suppliers promptly and that previous suppliers should not deprioritise departing customers in terms of speed of billing resolution as they are felt to do currently.

## **8.3 Improvements to speed**

As mentioned previously, the speed of CoS was not perceived to be a priority issue. The typical three-week window for CoS was generally seen as reasonable. However, for most non-domestic consumers this is not a time period they tend to focus on, as the general practice is to sign new contracts a lot earlier, driven by the notice period required for the previous supplier.

It was also strongly felt that, for a shorter timeframe to work, the current issues with objections need to be resolved.

However, a shorter timeframe was expected to be technically possible given smart metering and experiences in other markets and to have advantages for some of the less frequently experienced circumstances customers may find themselves in while switching (e.g. moving off out of contract rates more quickly; negotiating more advantageous rates closer to point of transfer). There was some agreement that a 48 hour CoS window could and should be possible for both electricity and gas.

## **8.4 Improvements to simplicity and efficiency**

It was felt that introducing a more standardised process that all suppliers have to adhere to would make it easier for consumers to understand.

Business consumers believed that there was a need for better communication around objections. Smaller businesses would also welcome more outbound communication from the new supplier during the CoS process to reassure them of its progress and advise them of any actions that they need to take.

## 9. Other ideas and suggestions

A number of suggestions were also made that relate to engagement overall, particularly the contract termination and agreement of new contract stages. Whilst these issues were not the main objective of this research, they have been detailed below. They are indicative of how, from a consumer's point of view, CoS is not a separate or discrete process but part of their wider engagement with the market.

### 9.1 Contract termination and new contracts

#### 9.1.1 Contract termination

There were numerous suggestions made for improvements to the contract termination stage. Ideally, participants wanted to see an end to automatic rollovers and a move to opt-in renewal. They also called for:

- Increased transparency about contract end dates and notice periods, for example by clearly publicising these dates on bills.
- Warnings to be provided to customers prior to placing them on out of contract (or deemed) rates.
- A shortened contract termination notice period with requirements that customers are informed further in advance of the notice period (so that they have more time to review the market and consider their options).
- Suppliers to make every effort that the customer receives notification of this notice period, for example by sending it by email as well as post.
- Suppliers to confirm receipt of the customer's termination notice.

In addition, there was a strong desire to see out of contract rates be made subject to regulatory controls – the view was that out of contract rates currently are disproportionately high and with no discernable link to market rates.

#### 9.1.2 New contracts

In addition, smaller businesses wanted to see improvements to the process of agreeing new contracts. In particular, they wanted some guarantee that verbally agreed contracts would be complied with.

They also felt that currently new contract paperwork is too voluminous and complicated, and wanted it to be streamlined and simplified.

## 10. Conclusions

Non-domestic consumers found it difficult to consider CoS as a distinct process; the way it was experienced and perceived by them was as one part of a wider switching process.

CoS, specifically, was comparatively less important to micro and small business consumers who tended to be more concerned with earlier stages in the consumer journey such as choosing the most suitable contract.

CoS was considered more important by medium and large business consumers. The main issue for this group was objections from the incumbent supplier and the impact of these on the overall reliability of CoS. The experience of objections was also felt to be detracting from the overall efficiency of the process as sorting them out often required a considerable investment of time within the business, particularly if the organisation dealt with their energy buying in-house rather than through a TPI. The financial impact of a failed transfer as a result of an objection was reported to be considerable, particularly if it meant the business went onto a much higher out of contract rate.

Given current experiences, non-domestic consumers felt that the future CoS process needed to be governed by an overarching principle that 'the customer has a right to a hassle-free transfer'.

There was consensus that the current level of objections, and perceived misuse by incumbent suppliers of the objections process, needed to be addressed as a priority. Respondents also suggested some other improvements to reliability, including better aggregation of multiple meter and/or site transfers. A few participants also reported billing issues which, when they occur, can have significant financial impacts on customers. These included double billing, opening and closing bills being received simultaneously, and incorrect bills. They therefore felt that another priority for improved reliability would be more accurate and timely changeover meter readings and billing.

Increasing the speed of CoS was less of a priority given the practice adopted by most attendees of agreeing a new contract months in advance of the contract start date. However, non-domestic consumers suggested that for some consumers, a faster switch could have some potential benefits. This included those wishing to switch away from out of contract rates and those wanting the possibility of securing more competitive rates closer to the point of transfer. However, non-domestic consumers would require reassurance that increasing the speed of CoS would not be at the expense of reliability of the transfer. Non-domestic consumers expected that a 48 hour CoS window should be feasible (for either electricity or gas) once smart metering has been rolled out.

Finally, non-domestic consumers felt that standardising the contract termination and CoS process, as well as more proactive communication from the new supplier during the CoS window, would make it feel more straightforward and easier for non-domestic consumers to understand.

# 11. Appendix

## 11.1 Screening questionnaire

### INTRODUCTION

Good morning/afternoon. My name is \_\_\_\_\_ and I am calling on behalf of Collaborate Research, an independent research organisation. We are conducting an important consultation with business users of gas and electricity services, on behalf of the energy regulator Ofgem. The research is on the change of supplier process and the findings will help Ofgem develop options for how this process could be reformed.

We are interested in the views of energy decision makers from a range of businesses, including different company sizes and both those who have recently switched suppliers and those who have not.

We would like to invite you to attend a workshop in central London with other business decision-makers as well as representatives of Ofgem. In this session we will be discussing your views and experiences of changing energy suppliers, and some options for reform. Ahead of that workshop, we would also like to conduct a short telephone interview with each participant to get some more background details on your organisation and energy use. You will be paid an incentive to thank you for your time and your input will directly feed into Ofgem’s recommendations on how to improve the change of supplier process.

We need to ensure we reflect a good cross-section of participants in the study so would like to ask you just a couple of questions to see if you fit one of the quotas we are looking to fill. It will only take a minute or so; are you interested in taking part?

Yes	1	CONTINUE
No	2	CLOSE

Q1 Are you the decision-maker for your organisation’s energy suppliers or are you involved in the decision about which energy suppliers to use?

Yes	1	CONTINUE
No	2	CLOSE

Q2 How many employees work at your company? If you have more than one site, please consider how many work across all of these sites.

Non-domestic consumers and the Change of Supplier (CoS) process

Under 10	1	CONTINUE FOR MICRO
10-49	2	CONTINUE FOR SMALL
50-249	3	CONTINUE FOR MEDIUM
250+	4	CONTINUE FOR LARGE

(AIM FOR 5 EACH ACROSS EACH OF THESE CATEGORIES)

Q3 What industry sector does your company work in?

WRITE IN AND ASSIGN SIC CODE \_\_\_\_\_

(AIM FOR A MIX OF SIC CODES BUT EXCLUDE ANYONE INVOLVED IN GAS OR ELECTRICITY DISTRIBUTION OR SUPPLY)

Q4 Which energy services does your organisation use?

Electricity	1	CONTINUE
Gas	2	CONTINUE
Both electricity and gas	3	CONTINUE

(AIM FOR EVEN MIX OF ELECTRICITY AND GAS CUSTOMERS)

Q5 Which energy suppliers does your organisation use? Circle all mentions

British Gas	1	CONTINUE
EDF	2	CONTINUE
EON	3	CONTINUE
Npower	4	CONTINUE
Scottish Power	5	CONTINUE
SSE	6	CONTINUE
Other (write in) _____	7	CONTINUE

(AIM FOR A MIX OF SUPPLIERS)

Q6 Have you switched suppliers in the last 3 years, or not? IF NOT SWITCHED: Have you actively considered switching suppliers in the last 3 years (for example, looked around for a better deal), or not? IF NOT PREVIOUSLY CONSIDERED: Would you consider switching suppliers when you next have the opportunity to, or not?





Non-domestic consumers and the Change of Supplier (CoS) process

Have switched suppliers in last 3 years	1	CONTINUE
Have previously considered switching suppliers	2	CONTINUE
Not yet considered switching but may in future	3	CONTINUE
Switch rejectors	4	THANK AND CLOSE

(AIM FOR A MIX OF SWITCHERS, CONSIDERS AND NON-CONSIDERS – AT LEAST 5 OF EACH. BUT EXCLUDE REJECTORS OF SWITCHING)

**RESPONDENT DETAILS**

<b>Name</b>	
<b>Address</b>	
<b>Phone</b>	
<b>Email</b>	
<b>Date of screening interview</b>	
<b>Date of session attending</b>	

**Reconfirm Day/Date/Time/Location of interview and Workshop with Respondent**

**RECRUITER DETAILS**

<b>Name</b>	
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**RECRUITER DECLARATION**

I declare that this interview has been conducted strictly in accordance with your specifications within the MRS Code of Conduct and with a person totally unknown to me.

Signed (**RECRUITER**): \_\_\_\_\_ Date \_\_\_\_\_

## 11.2 Tele-depth discussion guide

### Objectives of tele-depths:

1. Provide more contextual detail on participants' organisations and energy use
2. Explore previous switching or consideration experiences
3. Enable further explanation and briefing on the workshop (logistics and scope)

### Notes:

- Tele-depths are max. 30 mins long so any substantial additions need to be accompanied by deletions
- Some background information will have already been collected in screener and therefore does not need to be asked again
- The information collected in the tele-depths will be combined with that collected through the screening process and contribute to a master profile which will be compiled for each participant ahead of the workshop
- Some of the findings will also contribute to an introductory presentation in the workshop on what we have learned about the switching and a summary of what was learnt from this stage will also be represented in the final report

### Moderator introduction (5 mins)

- Recap purpose of research – to listen to and understand a range of business customers' views on the change of energy supplier process and how this could be improved in the future (doesn't matter whether they have switched or not, interested in hearing from both those who have and have not)
- Recap research process:
  - This telephone interview (max 30 min) to find out a bit more about their business and any previous switching or consideration of switching experiences
  - A workshop on the morning of Weds 31/7 to bring together 20 business representatives from a range of company sizes and sectors to help Ofgem, as the regulator understand how the change of supplier process could be made better for business customers

### Participant introductions and further

- Name, job title, nature of decision-making role (probe extent of role if not sole decision-maker), and how much of their role is dedicated to the organisation's energy

**organisational  
and energy use  
details**

(15 mins)

usage/suppliers

- Main focus of business, number of sites and main energy requirements
- Does the business have any of the following (and if so, which?):
  - Multiple sites
  - Multiple meters on one site
  - Smart or advanced meters (that enable you to access your usage data at different intervals and get accurate bills)
  - Range of different metering types (e.g. smart meters, automatic meter reading, traditional meters)
- Is business on a fixed term or 'evergreen' contract (i.e. no end date), or 'out of contract' rates/deemed rates with their energy supplier(s)? *If both gas and electricity customers: probe for both suppliers.*
  - If fixed term:
    - How long is it?
    - Is it the first one with their current supplier(s) or have they had more than one?
    - Are they aware when it ends and when they can start renegotiating/give notice of termination?
    - Are they aware of what happens if their fixed term contract ends and they fail to sign up to a new contract (either with their current supplier, or a new supplier)?  
[PROBE: automatically put onto new fixed term contract? Moved onto rolling contract? Subject to 'out of contract' or 'deemed' rates?]
  - If 'evergreen': Check if it is really evergreen, i.e. they don't have a contract end date.
  - If 'out of contract' rates/deemed rates, how did they find themselves on these rates?

**Previous switching or consideration experiences**

(15 mins)

- Confirm whether during last 2 years they have switched gas and/or electricity supplier, considered switching but stayed with current supplier or didn't consider (but would be open to switching in the future). *NB: For customers with both services we will ask switching status for each. (Note to moderators: If anyone doesn't know if they are now transferred they would have received a final bill from their old supplier and commenced supply with new supplier)*
- If switched:
  - What prompted decision to switch and what actions did they take?
  - What contract were you on directly before you switched?
    - Fixed term
    - 'Evergreen' i.e. no contract end date
    - 'Out of contract' rates or 'deemed' rates (May be subject to 'out of contract' rates if a customer has been on a fixed term contract and failed to arrange a new contract in time for when their fixed term contract ended. 'Deemed' rates may happen if a customer moves into a new premises and starts using energy supply at that premises without arranging a new contract.)
  - Ask those who were on fixed term contracts directly before they switched: Did they arrange to switch on their contract end date?
    - If so, how much warning did they need to give their new supplier (in addition to informing their old supplier)? *Probe fully.* How satisfied were they with this part of the process?
    - If not, did they find themselves on 'deemed' or 'out of contract' rates with their current supplier after their fixed term contract ended? [If YES go to 'out of

contract' rates/ 'deemed' rates question below. If NO they will probably have been rolled over onto a new fixed term contract.]

- Ask those who were on 'evergreen' contracts directly before they switched: How long did they have to wait to be transferred onto their new contract after notifying the new supplier of the wish to transfer? *Probe fully*. How satisfied were they with this part of the process?
- Ask those who were on 'deemed' or 'out of contract' rates directly before they switched: How long did they have to wait to be transferred onto their new contract after notifying the new supplier of the wish to transfer? *Probe fully*. How satisfied were they with this part of the process?
- Overall, rate whole switching process in terms of speed, reliability and simplicity? Now rate the CoS process specifically
- Overall, how satisfied (scale of 1-10) with whole switching process and reasons? Now rate satisfaction with CoS process specifically
- If considered:
  - What prompted consideration and what actions did they take?
  - Why didn't go through with switch including whether there were any specific barriers?
  - What sort of experience would be expected had they have gone through with the switch?
- If didn't consider:
  - Why didn't consider including whether there were any specific barriers?
  - What might prompt consideration in the future?
  - What sort of experience would be expected if they were to go through a switch?
- Initial suggestions of what would improve the switching process or constitute an ideal switching process. *Probe fully*. Also explore with those who have switched how

	<p>much of an issue the CoS aspect was compared to other parts of the switching process and what specific suggestions they would have about what would make this part of the process better</p>
<p><b>Explanation of next stage (10 mins)</b></p>	<ul style="list-style-type: none"> <li>• Recap details of workshop (8.15 for 8.30am start on Wednesday 31/7, 2.5 hours, at Ofgem’s offices on Millbank etc. – participants will also be sent a written confirmation and get a reminder call on w/c 22/7)</li> <li>• Explain the specific scope of the workshop: <ul style="list-style-type: none"> <li>○ On a specific part of the transfer process we are calling the ‘change of supplier’ process (this is the process from when a customer agrees a contract with a new supplier up until they commence supply with the new supplier)</li> <li>○ The main focus will be on what you’d like to see from a future change of supplier process, so whilst the issues you’d had in the past will inform this, they won’t be the focus of the discussion (these interviews have given us enough information on issues with current process)</li> <li>○ Participants will be asked to suggest their own ideas and also to provide feedback on some specific proposals from Ofgem</li> </ul> </li> </ul>

### 11.3 Workshop discussion guide

#### Aims and objectives of workshop:

4. To understand what non-domestic customers want out of a future change of supplier (CoS) process (*NB: this specific part of the switching process once a customer has chosen a new contract and asked their supplier to move to it; it is not the process of choosing a new supplier/contract, or the process of terminating an old contract*)
5. To explore what specific characteristics are valued and by whom, as well as which if any have the potential to impact market engagement
6. To understand priorities within the context of 3 distinct parameters:
  - Speed of the CoS process
  - Reliability of the process

- Simplicity and efficiency of the process (as defined by the amount of effort required and resultant transactional costs, and by the extent to which the process is able to meet customer needs)

*Logistics:*

- The workshop will take place at Ofgem on Weds 31/7; it will be 2.5 hours long, with participants arriving at 08.15 for an 08.40 start
- There will be circa 20 business customers in attendance as well as 4 third party intermediaries
- The format will be moderated discussions in 3 breakout groups (2 divided by company size and 1 for TPIs), together with plenary presentations and feedback sessions
- Ofgem representatives will be in attendance to observe, answer any technical questions and present the current CoS state of play

**Pre-session administration**

*(08.15-08.30)*

- Show participants up to plenary room
- Provide badges
- Participants can help selves to tea, coffee and pastries

**Welcome and scene setting**

*(08.30-09.00, Plenary)*

- Lead facilitator to welcome, recap objectives, explain process and run through housekeeping
- Ofgem to welcome, run through short presentation:
  - What Ofgem do, why undertaking research (including reference to previous research) and how the findings from the research will be used
  - Summary of the non-domestic customer journey for switching, including both the earlier stages around choosing a tariff and the final stage (CoS process)
  - Brief overview of (non-dom) RMR and how it is addressing earlier stages
  - Walking through the CoS process specifically (stages involved)
- Short opportunity for participants to ask clarification questions
- Move into break-out groups for further discussion (one group of micro/small businesses, one group of medium/large businesses and one group of TPIs)

**Introductions and**

- Participant introductions: Name, job title, brief details on

**initial brainstorm**

*(09.00-09.30, Break-out groups)*

company (focus, size), nature of energy decision-making role

- Quick re-cap of key energy details (show of hands and brief discussion where required):
  - Electricity only vs. gas/electricity customers
  - High gas users (equal or more than electricity)
  - Specific metering arrangements such as multiple sites, multiple meters on one site, different metering types including smart meters).
  - Fixed term vs. evergreen contracts vs. out of contract or deemed rates (*explain if necessary that fixed term has defined end date and a evergreen one does not; 'out of contract' rate can be charged if a fixed term contract ran out and they didn't renew; 'deemed' rates are where the customer hasn't officially agreed a contract with the supplier but are using supply - this can happen when moving into a new premises*)
    - If fixed, how far in advance of contract end date do they start thinking about a new contract
  - Whether switched, considered or not considered switching over the last 2 years and why/why not
  - How frequently customers generally engage with the market (i.e. switch or review options and consider whether to switch)
- ASK THOSE WITH EXPERIENCE OF SWITCHING: What they found to be the main issues/what went well with the CoS process (remind if necessary: period between when contract is agreed with new supplier and when supply commences). Probe fully to identify any issues with:
  - Speed or timeliness of CoS (steering away from issues with notice period with old supplier as out of scope)
  - Reliability
  - Simplicity and efficiency
- Overall extent to which CoS process is perceived or expected to meet needs of customers – score out of 10 and reasons. What issues have been experienced or have heard about/expect. Probe what are felt to be the big issues vs. smaller niggles



	<ul style="list-style-type: none"> <li>• Brainstorm initial ideas on what could improve the process from a non-dom/business consumer perspective</li> <li>• Write ideas on flip chart</li> <li>• Explain that (even though they may not have experienced issues themselves) Ofgem is aware of some issues that some customers have experienced and we will be spending the next part of the session discussing these in more detail</li> </ul>
<p><b>Speed of CoS</b> <i>(09.30-09.50, break-out groups)</i></p>	<ul style="list-style-type: none"> <li>• We're now going to spend some time discussing speed of CoS in a bit more detail. And we are interested specifically in the time between signing a contract with a new supplier and being transferred to this new supplier rather than about the notice customers have to give their old supplier</li> <li>• ASK SWITCHERS FROM FIXED TERM CONTRACTS: How far in advance of your contract end date did you sign the contract with your new supplier (thereby notifying them of the intention to switch)? Did anyone find themselves doing this relatively last minute (e.g. 3 weeks, 1 week or less)? For which fuel? What was the supplier reaction? Where they still able to switch you on your preferred move date? From your general experience, are suppliers generally able to transfer at short notice?</li> <li>• ASK SWITCHERS WHO WEREN'T ON FIXED TERM CONTRACTS (could be evergreen, deemed or out of contract rates): After you signed your contract, how long did it take to commence supplier with your new supplier?</li> <li>• ASK ALL: What turnaround time would you ideally want (average as well as fastest possible)?</li> <li>• Run through speed of process slides in handout             <ul style="list-style-type: none"> <li>○ Initial reactions/thoughts</li> <li>○ What are/would be the advantages of being able to switch more quickly? Any disadvantages? Under what circumstances might you want to switch more quickly? [FACILITATORS to write up on board range of circumstances. If not mentioned, probe on:                 <ul style="list-style-type: none"> <li>▪ When a customer on a fixed term contract is nearing their contract end date and has not yet agreed a contract with a new supplier;</li> </ul> </li> </ul> </li> </ul>



- When a customer has found themselves on potentially more expensive deemed or out of contract rates and wishes to transfer to a cheaper contract quickly;
    - Where a customer wishes to negotiate contract prices as close as possible to their transfer date, so they are able to get a potentially better price
  - Thinking about the range of circumstances we have discussed (ROTATE ORDER THAT GAS/ELECTRICITY ARE COVERED)
    - Are there any benefits to have a process where it is possible to switch to a new gas supplier more quickly? What would be ideal - spontaneous responses first, then test appeal of 2 weeks, 1 week, 2 days, next day or faster?
    - Would it be of benefit to have a process whereby it was easier to switch to a new electricity supplier more quickly? What would be ideal - spontaneous responses first, then test appeal of 2 weeks, 1 week, 2 days, next day or faster?
- Add speed preferences to flip chart

**Reliability of CoS**  
*(09.50-10.10, break-out groups)*

- Now, I want to move onto the reliability of the process
  - Run through reliability slide in handout
    - Has anyone experienced any of these issues? Is there anything missing here?
    - Which of these would you expect to have an impact on your experience (e.g. big knock on effects to your business)? Which are less serious/more niggles than major concerns? *(MODERATOR TO ASK RESPONDENTS TO MARK UP THEIR HANDOUTS TO INDICATE WHICH ISSUES ON SLIDE ARE DEAL-BREAKERS WHICH COULD MAKE YOU REVERSE YOUR DECISION TO SWITCH/PUT YOU OFF SWITCHING IN THE FUTURE AND WHICH ARE JUST NIGGLES OR ANNOYANCES)*
- Explain that previous research has indicated that, particularly for

	<p>small and medium businesses, attempts by the old supplier to block the move were a frequent source of dissatisfaction.</p> <ul style="list-style-type: none"> <li>○ Has anyone experienced a supplier trying to block the transfer? What happened?</li> <li>○ What impact did/could the experience have on perceptions of the CoS process and on your own likelihood to switch?</li> </ul> <ul style="list-style-type: none"> <li>• Has anyone experienced billing issues linked to a CoS? What happened? What was the impact on your business?</li> <li>• Any further ideas on how to improve reliability of CoS (e.g. resolving errors, preventing suppliers blocking CoS or avoiding billing issues)?</li> <li>• Add ideas on reliability to flipchart</li> <li>• MENTION TO ALL: We are trying to understand issues with erroneous transfers (i.e. transfers that the customer hasn't asked for). We are also interested in poor experiences in being returned to your previous supplier if the transfer hasn't gone through. If anyone has experienced either of these issues could you let us know so we can chat to you in the break?</li> </ul>
<p><b>Break</b> <i>(10.10-10.20)</i></p>	<ul style="list-style-type: none"> <li>• Tea/coffee break</li> </ul>
<p><b>Simplicity and efficiency, plus preparation for feedback</b> <i>(10.20-10.35, Break-out groups)</i></p>	<ul style="list-style-type: none"> <li>• If you consume both gas and electricity, and are switching both fuels over to one or two new suppliers at the same time, it may be that one fuel is switched over before the other. <ul style="list-style-type: none"> <li>○ Has anyone experienced this?</li> <li>○ How do you feel about this generally?</li> <li>○ Is there any value to switching both fuels over at the same time? What difference would a simultaneous transfer for both fuels have?</li> </ul> </li> <li>• Some businesses have to manage energy across multiple sites, or they may have multiple meters on their premises. Others may have a range of different meter types (and perhaps associated tariff types) within or across sites.</li> <li>• IF PARTICIPANTS FALL INTO THIS GROUP ASK: Whether they wanted/would want to get multiple metering points or</li> </ul>

	<p>multiple sites transferred at the same time? What benefit do they believe this would have? Has anyone ever experienced problems with this? What were the impacts to your business?</p> <ul style="list-style-type: none"> <li>• Any further ideas on improvements to simplicity and efficiency of CoS?</li> <li>• And any further needs (could be in any area) that you feel should be accommodated in a future change of supply process? PROBE IF NOT MENTIONED: Do you think the level of consumer involvement required in the process is appropriate?</li> <li>• Continue writing up preferences and ideas on a flipchart</li> <li>• Select most impactful ideas in terms of improving the CoS experience and increasing engagement in the process</li> <li>• Prepare top 5 ideas for improving the CoS process</li> </ul>
<p><b>Presenting back and wrap-up</b> <i>(Plenary 10.35-11.00)</i></p>	<ul style="list-style-type: none"> <li>• Each break-out group to present back their top 5 preferences and ideas for improving the CoS process</li> <li>• Short discussion, opportunity for Ofgem to ask questions</li> <li>• Ofgem to thank, explain next steps and how their input will be used</li> <li>• Final administration</li> </ul>

## 11.4 Workshop slide deck



### The Change of Supplier process

Research with non-domestic customers

Rachel Hay  
31/07/13



### Who is Ofgem?

The **Office of Gas and Electricity Markets** (Ofgem) is the independent economic regulator of Britain's gas and electricity industries

Our principal duty is to **protect the interests of existing and future consumers, including business customers**

We are **independent** of the companies we regulate and also of government

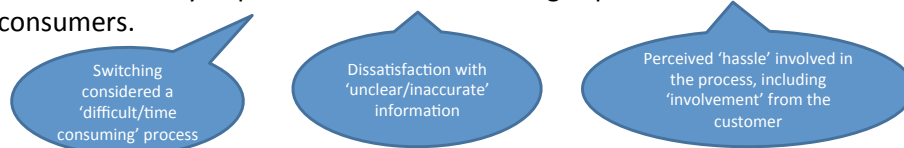


## What work are we doing... ...and why are we undertaking this research?

Ofgem is working to make the market work better for consumers.

As part of this we are reviewing the process that enables a customer to transfer from one supplier to another. This is known as the **'Change of Supplier'** process.

Previous research with business consumers tells us that improvements could be made which may improve the overall switching experience of business consumers.



Our own knowledge of the process, tells us that **improvements could be made to the change of supplier process itself** to make it a better experience for consumers. The continuing **rollout of smart/advanced meters to business customers provides an opportunity** to make the process faster, more reliable, and more cost effective.

3



## Rollout of smart and advanced meters

How they could make a difference

- Currently, if you use a lot of energy you should already have advanced metering or an automated meter reading capability.
- If you are a smaller business who uses less energy, if you haven't got one already you should have a smart or advanced meter by the end of 2020.

*Advanced metering is able to provide half-hourly electricity and hourly gas information which the supplier can access remotely and which the customer can also have access to.*

*Smarter metering can remotely provide accurate meter reads/information and deliver this information to customers and suppliers. Suppliers can also change you onto a wide variety of tariff types without needing to visit your premises to change the meter.*

- Crucially, both of these metering types will allow you to **better understand the energy you are using**, will enable suppliers to send you **more accurate bills**, and will enable **remote meter reading**.

These changes, among others, provide an opportunity for making the change of supplier process faster, more reliable and more cost effective.

4

## What work are we doing... ...and why are we undertaking this research?

**Ofgem can make changes to the Change of Supplier process.**

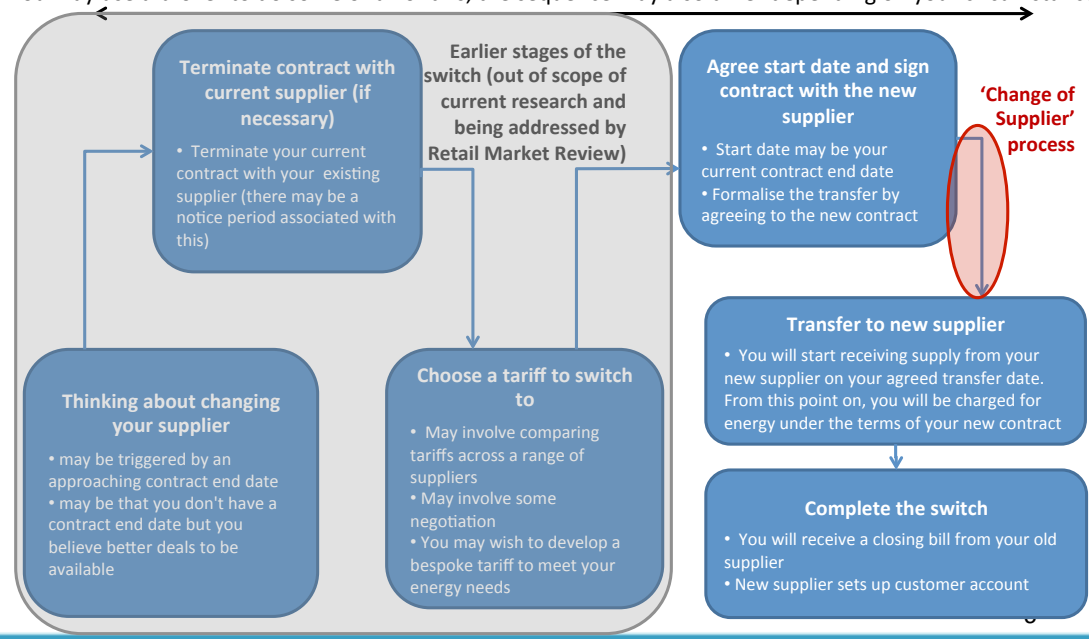
This morning we want to find out from you **what you'd like from a future change of supplier process and how the process could be made better for businesses generally.**

We will use what you tell us today to inform the changes that are made to the process.

5

## Transferring between suppliers The non-domestic customer journey

You may use a broker to do some or all of this, the sequence may also differ depending on your circumstances





## Ofgem's Retail Market Review

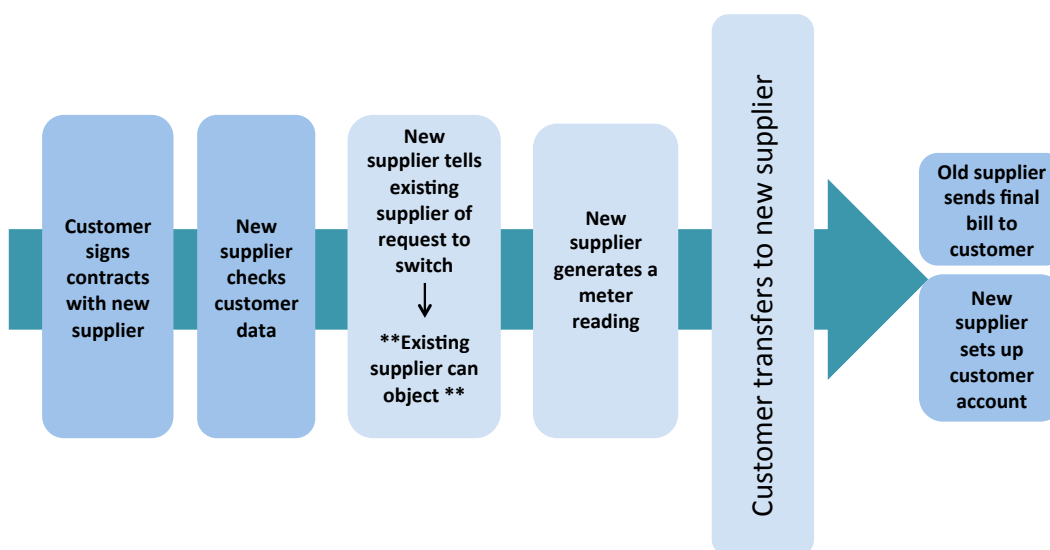
### Addressing concerns around earlier stages of the switch

<p><b>Expanding the definition of micro-businesses</b></p>	<p>The <b>definition of micro-businesses is being expanded</b> such that up to 160,000 extra businesses will benefit from the protections that already exist for micro-business customers.</p> <p>Micro businesses are currently subject to a range of additional protections. Suppliers must:</p> <ul style="list-style-type: none"> <li>• explain and set out the <b>key terms and conditions</b> to the customer</li> <li>• contact it's customer with details of its new fixed-term offer <b>at least 60 days</b> before the end of the contract, giving the customer <b>at least 30 days</b> to let the supplier know if it wants to sign up to the new offer, or switch.</li> <li>• limit any automatic rollovers to one year in length – we will be kicking off a review into the ability of suppliers to automatically rollover micro business contracts</li> </ul>
<p><b>Standards of Conduct (for micro-businesses)</b></p>	<ul style="list-style-type: none"> <li>• Requires suppliers to <b>treat micro business consumers fairly.</b></li> <li>• Greater protection and transparency to businesses in respect of <b>contractual information, switching supplier, deemed contracts and billing.</b></li> <li>• Suppliers must give <b>accurate information, be prompt to correct problems, communicate in plain language and have fit for purpose customer service.</b></li> <li>• Suppliers must ensure <b>information is not misleading and act promptly to put things right when they make a mistake.</b></li> </ul>
<p><b>Dates on bills (for micro-businesses)</b></p>	<ul style="list-style-type: none"> <li>• Suppliers will have to <b>show contract and notice period end dates clearly on bills.</b></li> <li>• Micro business customers will be allowed to give notification that they wish to terminate a contract at the end of the fixed term, <b>any time during their contract.</b></li> </ul>
<p><b>Additional work</b></p>	<ul style="list-style-type: none"> <li>• <b>Increasing our monitoring</b> of supplier behaviour during the customer transfer process</li> <li>• <b>Encouraging industry to alleviate other issues</b> consumers may face when they try to switch</li> <li>• <b>TPI code of practice and wider regulatory review</b></li> </ul>



## Transferring between suppliers

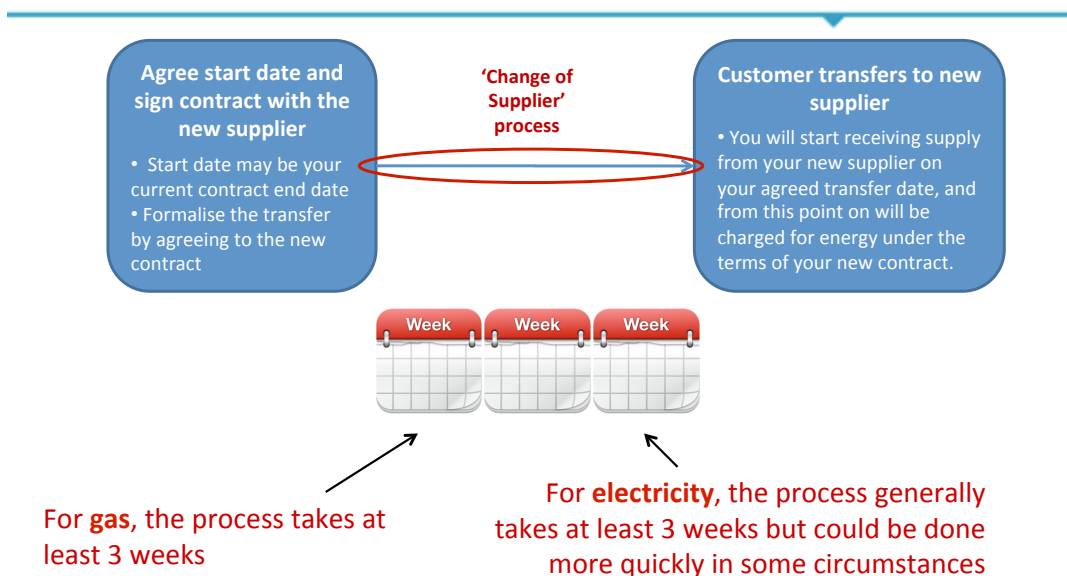
### The 'Change of Supplier' process





## Speed of the process

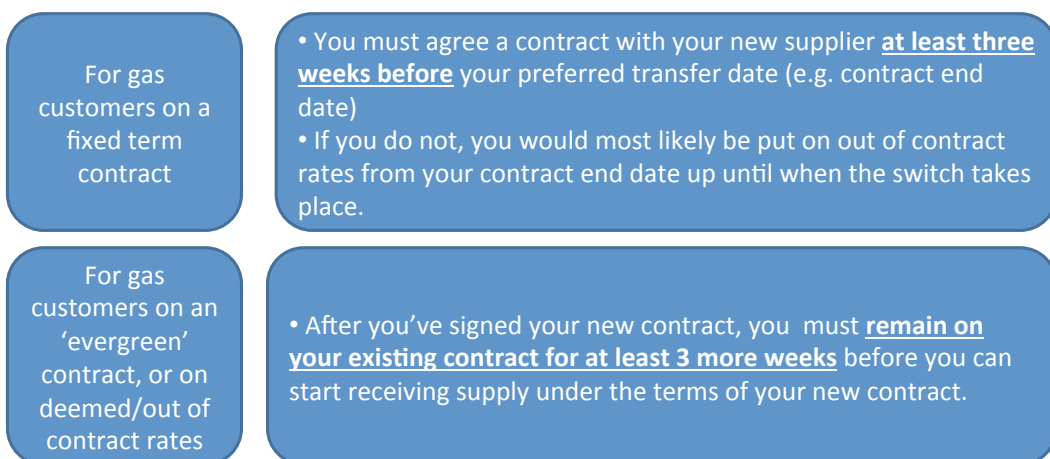
### Current timelines



9

## Speed of the process

### How these timelines affect you



For electricity customers, the same circumstances hold, but it may be that your supplier is able to transfer you in less than three weeks in some cases.

10

## Reliability and errors

### What could go wrong?

- Process lasts longer than initially agreed
- Lots of involvement required from the customer
- Lots of contact with suppliers during the switch
- Existing supplier stops you from transferring
- Customer is transferred with out having asked to be ('erroneous transfer')
- 'Hassle' factor
- Errors and delays in final billing, e.g.
  - delays to final bills and return of any credits
  - receiving both the opening and closing bill at the same time
  - delays to opening bill with new supplier (and bill received subsequently large)
- Billing/transfer needs not met where multiple meters/sites need to be transferred.

11

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.

[www.ofgem.gov.uk](http://www.ofgem.gov.uk)