

# Change of Supplier Project

Smarter Markets Coordination Group

4 February 2014

ofgem

- Road map for reform
- Cooling off arrangements

**1. Secure a reliable  
three week switch  
now**

**2. Speed up switching  
in the short term**

**3. Longer term reform**

## 1. Secure a reliable three week switch now

## 2. Speed up switching in the short term

## 3. Longer term reform

- Led by Ofgem
- Tougher licence requirements:
  - Strengthen three week switching backstop
  - Preventing erroneous transfers
- Initiating industry work:
  - Improving the CoS meter read process for smart meter customers
  - Industry work to improve data quality
- Additional monitoring for example on objection performance assurance
- Energy UK measures on consumer information and billing

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- Response to government challenge
- Led by Energy UK and supported by Ofgem
- Industry code mods and changes to working practices
  - Mid 2014 – 2 week plus 8 day transfer
  - End 2014 – 2 week plus 2 day transfer
- We need to understand in more detail the commitments by energy suppliers to these deadlines
- Likely we will need to amend our ET licence modification proposals to capture instances when a customer cancels after the registration has started

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- Led by Ofgem
- Spring consultation on key structural reforms required to deliver a reliable, fast (eg next day) and cost effective transfer process
- The RFI tested the cost/benefit of key reforms against a range of switching speeds (eg five, next and within day) and against different meter types (eg smart, dumb and AMR)
- 22 responses
- We propose to use this information to identify the best overall solution for customers

- Regulation now been laid by BIS and comes into force in June 2014
- 14-day cooling off period that cannot be waived
- A customer can take a supply during a cooling off period
- Customer can cancel at any point within 14 days (even if noticed received after end of cooling off window)
- New supplier can charge for supply up until cancellation

- If customer cancels during cooling off period they must **not incur a liability**
  - BIS guidance says that “liability” should be interpreted in the context of the specific industry
  - Our view is that, if the customer switches, they should be returned back to their old supplier on the previous contract terms
  - Alternative is supply under a deemed contract with new supplier
- An issue to consider for the Energy UK faster switching proposal as well as our ambition for fast (eg next day) transfers

**We propose to work with COSEG to develop an acceptable approach for customers who cancel their contracts during the cooling off period**



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