

Modification proposal:	Master Registration Agreement (MRA) Change Proposal (CP) 209: 'Amending objection resolution period'		
Decision:	The Authority ¹ provides its consent for this change to be made		
Target audience:	MRASCo, Parties to the MRA and other interested parties		
Date of publication:	17 March 2014	Implementation date:	26 June 2014

Background

Consumer switching is an important driver for a competitive energy supply market. By switching supplier, consumers can both individually realise cost savings and exert competitive pressure on the market. This competitive pressure will, for instance, keep prices lower than they would otherwise be. Therefore, it is important that industry mechanisms governing the switching process function as intended. One of these mechanisms is the ability for an existing supplier to object to a consumer's request to transfer to a new supplier, where there is a legitimate reason, such as an outstanding debt.

However, the length of the objections process is one of the main determinants of the speed of the transfer process. In electricity, there are currently five days to object and five days to remove any objection. In gas, there is a variable objection window which can be as low as one to two working days but can be as long as seven working days. The scope to reduce and align these timescales was highlighted by the Change of Supplier Expert Group (CoSEG)² which forms part of Ofgem's work to deliver a fast, reliable and cost-effective Change of Supplier process that facilitates competition and builds consumer confidence.

Responding to the government's recent challenge for the energy industry to speed up the switching process without compromising quality of service, consumers' rights or adding to bills, Energy UK³ has, on behalf of its members, committed to introduce a "2 plus 2" model by the winter of 2014. This would ensure that a consumer transfer is completed within a further two working days of the two week cooling off period ending.⁴

The change proposal

Analysis previously undertaken by the MRA Objections Group revealed that less than 3% of objections are resolved within the current five working day time frame of the Objection Resolution Period. The proposer (EdF Energy) considers that the resolution period in effect becomes dead time within the transfer process.

As a measure to assist in speeding up Change of Supplier processes MRA CP 209 seeks to reduce the current five working day Objection Resolution Period to one working day.

MRA Development Board and MRA Forum

The MRA Development Board (MDB) considered MRA CP 209 at its meeting of 7 January 2014 and voted to accept the changes. No appeals to the MRA Forum were made.

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of Gas and Electricity Markets

² The CoSEG summary of findings is published at: www.ofgem.gov.uk/ofgem-publications/84903/cosegsummary.pdf

³ Energy UK is a trade association that represents the majority of UK energy suppliers: www.energy-uk.org.uk

⁴ Under the EU Directive on Consumer Rights (2011/83/EC), which comes into effect 13 June 2014, consumers will have 14 calendar days to change their mind on a purchase, including an energy contract.

The Authority's decision

We note that this change will effect only the definition of the Objection Resolution Period within the MRA,⁵ though there may be consequential impacts upon MRA Agreed Procedures (MAPs), which reference the current five working day period. We understand that changes to these MAPs have been raised and will be decided upon under the self governance procedures of the MRA.

Given the low number of objections that are currently resolved within the five working day window for objections, we agree with the proposer and those respondents who suggested that this was an inefficient use of time. Shortening the period to one working day will allow for a faster transfer process, which we consider will be of benefit to all electricity consumers who undertake a change of supplier, without materially impacting upon the industry's ability to resolve legitimate objections to a transfer being completed.

We consider that the implementation of MRA CP 209 will better facilitate the requirements of Standard Condition 23 of the Distribution Licence compared to the existing provisions of the MRA and should therefore be implemented.⁶ In particular, this change will improve the procedures and practices to be followed by electricity suppliers in relation to the change of supplier process, facilitating its commitment to a faster switching process being met. We also consider this to be consistent with our principal objective and statutory duties.

Decision notice

We consent to change proposal MRA CP 209: 'Amending objection resolution period' being made.

Rob Church
Associate Partner, Smart Metering and Smarter Markets

Signed on behalf of the Authority and authorised for that purpose

⁵ As defined in clause 1.1 of the MRA

⁶ Standard licence conditions available at:

<https://epr.ofgem.gov.uk/Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20Current%20Version.pdf>