



Making a positive difference
for energy consumers

Gas and electricity licensees,
industry participants, consumer
representatives, code
administrators and other
interested parties

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Date: 9 April 2014

Dear Colleague,

Statutory consultation on licence modifications to enforce three week switching and prevent erroneous transfers

This letter gives notice of our final proposals to make two separate modifications to Standard Licence Condition (SLC) 14A of the gas and electricity supply licences. We are making these changes to enforce three week switching and prevent erroneous transfers. Attached to this letter are the statutory notices consulting on the licence modifications necessary to give effect to our proposals.

Switching is a key touch point for consumers' experience of retail energy markets. Customers told us they want a reliable and accurate transfer and for it to be as efficient and streamlined as possible.¹ We reported in December that around 1% of transfers were erroneous and over 20% of electricity domestic transfers and over 80% of gas domestic were taking longer than three weeks.² Our March 2014 State of the Market Assessment also found that the switching process discourages consumers from engaging in the market and deters new entry and expansion.³ In December 2013 we set out our road map to improve the switching arrangements.⁴ The proposals in this letter support the first phase of our work to secure reliable three week switching for consumers.

For phase two, we continue to support the industry's work to halve switching timescales and we are challenging them to deliver this as quickly as possible. Our third phase has developed longer term reform proposals that can deliver reliable and fast (potentially next day) transfers on a new, centralised registration service. We will consult on our third phase proposals in May 2014.

Background

In December 2013 we consulted on a pair of changes to improve the speed and reliability of the switching process. Alongside the consultations we published illustrative licence drafting that showed how we could give effect to our proposals.

¹ <https://www.ofgem.gov.uk/publications-and-updates/ofgem-consumer-first-panel-research-inform-ofgem%E2%80%99s-review-change-supplier-process> and <https://www.ofgem.gov.uk/publications-and-updates/non-domestic-consumers-and-change-supplier-process-qualitative-research-findings>

² This data was presented in the consultation documents referred to in footnotes 5 and 6.

³ <https://www.ofgem.gov.uk/publications-and-updates/state-market-assessment>

⁴ <https://www.ofgem.gov.uk/ofgem-publications/84902/ofq505smartermarketsupdate1113web.pdf>

Our consultation on enforcing three week switching⁵ proposed that:

- suppliers must take all reasonable steps to ensure that a customer's switch to a new supplier happens within three weeks
- the three weeks will start either at the end of the cooling-off period or immediately after any agreement between the customer and the supplier to start the transfer during the cooling-off period

Our consultation on preventing erroneous transfers⁶ proposed that:

- the new supplier must take all reasonable steps to ensure it has a valid contract with the customer when the transfer request is made
- a valid contract is one that has been entered into by the Customer and no notice of its cancellation is received before the transfer request is made

In both cases we sought views on our proposed changes with the aim of introducing these changes with effect from summer 2014.

Enforcing three week switching - Licence drafting

Having reviewed the responses to our initial consultation we do not propose any material changes to our original drafting.⁷ We have however identified some minor amendments that are required to the existing drafting of SLC14A. We have sought to make these changes at this point in time to improve consistency between the drafting of gas and electricity supply licence conditions.

These changes affect renumbered paragraphs 14A.2, 14A.3 and 14A.8 of SLC14A of the electricity supply licence and renumbered paragraph 14A.8 of SLC14A of the gas supply licence. The effect is to make the meaning of these paragraphs clearer. There is no substantive change to the intent of these requirements.

We have separately published our formal consultation notices to strengthen the three week switching requirements and make other minor amendments to SLC14A for electricity⁸ and gas⁹. To give effect to our three week switching requirements we propose to insert new paragraph 14A.1 and amend renumbered paragraph 14A.12.

Enforcing three week switching – Stakeholder responses

Respondents raised a number of points and we respond to the key ones in this section. Appendix 1 contains a full summary of responses to our consultation.

Interactions with the new 14 day cooling off period and Energy UK's faster switching proposals

The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013¹⁰ ("the Consumer Contracts Regulations"), which will have effect from June 2014, will provide consumers with a 14 day cooling off period. Where a consumer and supplier agree to proceed with a transfer request during any statutory cooling off period, our proposed changes require a switch to take place within three weeks of the day after that agreement. In this event, the Consumer Contracts Regulations would apply and consumers retain the right to cancel up to 14 days after the contract was entered into.

⁵ <https://www.ofgem.gov.uk/publications-and-updates/enforcing-three-week-switching>

⁶ <https://www.ofgem.gov.uk/publications-and-updates/preventing-erroneous-transfers>

⁷ We have made one minor change to new paragraph 14A.12 to put the word "licensee" in lower case. This improves consistency with how this term is used in the rest of the licence.

⁸ <https://www.ofgem.gov.uk/ofgem-publications/87148/electricityact1989statconnotice.pdf>

⁹ <https://www.ofgem.gov.uk/ofgem-publications/87149/gasact1986statconnotice.pdf>

¹⁰ A transposition of the European Consumer Rights Directive (CRD) (2011/83/EC)

Respondents noted that the current electricity arrangements do not allow switches during the cooling off period, and also do not allow switches to be cancelled by the new supplier once it had made an application under the Master Registration Agreement (MRA). Energy UK's faster switching proposals¹¹ aim to remove these barriers in November 2014 through changes to the MRA.

Respondents expressed concern that until November they would not be able to cancel a switch started during the cooling off period. For this reason, they felt that it would be better to wait until November to implement the changes.

Our proposals do not oblige suppliers to offer to start the switching process during the cooling off period. We understand that current practice is for suppliers to wait until any cooling off period has concluded before making a transfer request. It will be for suppliers to decide when it is appropriate to offer arrangements to consumers that would start the transfer process during the cooling off period. We believe that our wider proposals can benefit consumers now. They will also provide protection for consumers should suppliers decide in the future to offer to start the switching process during the cooling off period.

Definition of Relevant Date

One respondent noted that the definition of Relevant Date in SLC14A refers to both '(i) the day after the day on which the cooling off period ends' and '(iii) 14 days after the day on which the customer entered into the contract'. Given that the Consumer Contracts Regulations will introduce a standardised 14 day cooling off period, it was felt that the two definitions were identical and having both would be superfluous.

We consider that both clauses are necessary. The definition of Relevant Date is the earlier of those dates. On-premises contracts¹² are not covered by the 14 day cooling off period that applies to distance and off-premises contracts under the Consumer Contracts Regulations so could have a contractual cooling off period that is less than 14 days.

Three week switching and objections

While not directly related to the modification proposal, one respondent expressed concern about the current obligations in SLC14A.3 that require a switch to be completed three weeks after an objection has been resolved. As the gaining supplier does not receive notice of when an objection is resolved, it does not know when the three week period starts.

We believe that the current drafting accounts for this situation. The SLC14A.3 requirement does not apply until all of the conditions in SLC14A.2 cease to apply. Under SLC14A.2(c) the requirement to complete a three week switch does not apply when the licensee does not have all of the information it requires in order to complete the Supplier Transfer, despite having taken all reasonable steps to obtain the missing information from the Customer, and cannot readily obtain that information from another source.

Our understanding is that, in cases where an objection has been resolved, the three week period would typically start when the supplier has all of the information it needs to proceed with the switch. For example, when it is notified by the consumer that the reason for the objection has been resolved.

Licence exempt suppliers

Also while not directly related to the modification proposal, one respondent noted concerns about the application of the three week switching requirements to licence exempt

¹¹ A series of modifications to industry codes and working practices that aim to halve switching times for consumers.

¹² An "on-premises contract" is defined by the Consumer Contracts Regulations as "a contract between a trader and a consumer which is neither a distance contract nor an off-premises contract". An on-premises contract is therefore likely to be one that takes place and is concluded on an energy supplier's place of business.

suppliers.¹³ SLC14A.4 requires that, where the current supplier is licence exempt, the prospective new supplier must not complete a switch until any objection by the current licence exempt supplier has been resolved. The respondent said that the gaining supplier could breach this requirement because it would not know if there is an objection outstanding.

We note that this issue is provided for under the Gas and Electricity Acts. Schedule 2ZB paragraphs 2(2) and (3) of the Electricity Act and Schedule 2AB paragraphs 2(2) and (3) of Gas Act require a licence exempt supplier to inform the prospective supplier as soon as reasonably practicable when it objects to a transfer. Schedule 2ZB paragraph 1(8) of the Electricity Act and Schedule 2AB paragraph 1(8) of Gas Act then describe when an objection should be considered as being resolved. For example, in relation to debt objections, this will be where the prospective supplier is informed by the customer or licence exempt supplier that the debt is no longer outstanding.

Barriers to faster gas switching

SLC14A requires suppliers to include a term in their contracts with consumers giving the right to switch within three weeks. In our December 2013 consultation we noted that one of the reasons that suppliers struggled to meet this target was that gas registration systems required at least 15 days to process a switch. We wish to clarify that this 15 day period was a consequence of the rules in the gas network codes. Changes were implemented in November 2013 to amend the rules that govern the gas switching process and facilitate switching within three weeks.

Preventing erroneous transfers – Updated licence drafting

We have identified an improvement to our proposal to prevent erroneous transfers, and have updated our definition of Valid Contract accordingly. Our original proposal required suppliers to take all reasonable steps to ensure that they have a valid contract with the consumer when the transfer request is made. Our new proposal extends the scope of suppliers' requirements to take all reasonable steps to prevent erroneous transfers to include situations where the supplier identifies that the consumer does not have a valid contract after a transfer request has been made.¹⁴

Under Energy UK's faster switching proposals, transfer requests will start during the cooling off period. Once the Consumer Contracts Regulations are in place, customers will be able to cancel after the transfer request has been made. By strengthening our proposal we will require suppliers to take all reasonable steps to prevent erroneous transfers after the switching process has started. This could include using the co-operative objections¹⁵ process or withdrawing transfer requests where industry rules allow.

We have separately published our formal consultation notices to prevent erroneous transfers for electricity¹⁶ and gas¹⁷. To give effect to our proposals on erroneous transfers we propose to insert new paragraphs 14A.10 and 14A.11 and amend renumbered paragraph 14A.12.

Preventing erroneous transfers – Stakeholder responses

Key points arising from our consultation on preventing erroneous transfers are addressed below. Appendix 2 contains a full summary of responses to our consultation.

¹³ As defined in Part 1 of the Electricity Act 1989 and the Gas Act 1986.

¹⁴ We have made one additional minor change to new paragraph 14A.12 to put the word "licensee" in lower case. This improves consistency with how this term is used in the rest of the licence.

¹⁵ This allows the losing supplier to block a transfer, which would otherwise have happened in error, at the request of the acquiring supplier.

¹⁶ <https://www.ofgem.gov.uk/ofgem-publications/87148/electricityact1989statconnotice.pdf>

¹⁷ <https://www.ofgem.gov.uk/ofgem-publications/87149/gasact1986statconnotice.pdf>

Clarity on all reasonable steps

A number of respondents sought clarity on what constitutes the reasonable steps that suppliers must take to prevent erroneous transfers. There were some requests to include this in the licence condition or as separate guidance.

We consider “all reasonable steps” to be a high threshold for compliance. There are a range of measures at suppliers’ disposal to ensure that they have a Valid Contract when a transfer request is made and that they seek to prevent an erroneous transfer if they identify that they do not have a Valid Contract.

Our original consultation noted that the new condition is not intended to apply where the consumer provided wrong information. We recognise that there can be other situations where a supplier acts in good faith but an erroneous transfer happens. We do not consider it necessary to add examples to the licence condition itself, or produce a separate guidance document. When deciding whether to proceed with an investigation, we will consider the specific facts of the matter, in accordance with Ofgem’s Enforcement Guidelines on Complaints and Investigation.^{18, 19}

The definition of Valid Contract

Our December 2013 consultation proposal required suppliers to take all reasonable steps to ensure they have a Valid Contract with the consumer when the transfer request is made. A Valid Contract was defined as one that has been entered into by the customer where a notice of cancellation is not received before the transfer request is made. As noted above, we now propose to amend the definition of a Valid Contract to impose an additional requirement on suppliers to take all reasonable steps to prevent a transfer when they identify that they do not have a Valid Contract after a transfer request has been made.²⁰

Commenting on our December 2013 proposal, one respondent said that this could lead to instances where a supplier receives a cancellation request close to when the supplier intends to make a transfer request. In some instances a cancellation could be received on a non-working day and an application was already scheduled to be sent on the next working day so that the supplier will be unable to cancel to switch. We consider that in some circumstances a supplier may not have sufficient time to respond to the receipt of a cancellation before a transfer request is made. Our new proposals would require a supplier to take all reasonable steps to prevent a switch where a cancellation has been received and the transfer had been made.

One respondent said that a valid contract should be defined as one that has been entered into by the customer ‘*or an authorised representative of the Customer*’. We consider that it is normal practice for the definition of a Customer to include their authorised representatives. This is consistent with other instances in the licence where the term Customer is used.

Implementation should be delayed

Respondents suggested that implementation of the licence changes should be delayed to align with Energy UK’s faster switching solution. We consider that our proposal will benefit

¹⁸ <https://www.ofgem.gov.uk/publications-and-updates/enforcement-guidelines-complaints-and-investigations>
This document refers to current Enforcement Guidelines. Revised Enforcement Guidelines are currently under consultation. Details can be found at this link <https://www.ofgem.gov.uk/publications-and-updates/consultation-ofgems-draft-enforcement-guidelines>.

¹⁹ We are also mindful of the principles of Better Regulation, which require that regulation, and its use, is transparent, proportionate, accountable, consistent and targeted. Ultimately, it is for suppliers to seek their own legal advice as to what constitutes compliance. The decision as to whether a supplier has complied with its licence obligations rests with the Authority. We also note that we may require a supplier to provide evidence to demonstrate what steps it has taken to comply with its obligations.

²⁰ For example when a cancellation is provided after a transfer request and in accordance with any relevant contractual term or statutory requirement.

consumers now and is not directly linked to the Energy UK proposals. Waiting for the Energy UK faster switching proposals will delay benefits that can help secure a reliable switch for consumers. Erroneous transfers can cause confusion and distress, and damage customers' perception of the market. We do not believe that delaying our changes is justified.

Monitoring

As part of our ongoing retail market monitoring, we will continue to collect and analyse information on the switching process from industry stakeholders. We are currently engaging with stakeholders to enhance and streamline our information requirements, making sure that they are fit-for-purpose with our market and compliance monitoring objectives. We intend to have a new framework in place within the next few months.

We are already tracking the number of erroneous transfers at a supplier level. We also monitor supplier performance in returning customers to their previous supplier, quickly and without fuss, under the Erroneous Transfers Customer Charter.

On switching times, we expect to require regular information, by supplier and market segment, on average switching times, delays and reasons against the three week requirements.

In the interest of transparency, we are minded to publish information on industry performance on a regular basis.

Next steps

After the statutory consultation period we will consider any responses. If appropriate, we will then issue formal notice of the modifications to the licence conditions, which would be implemented not less than 56 days after the formal notice. Our aim is for the proposals to be implemented in August 2014.

Any representations on the proposed licence modifications should be sent to smartermarkets@ofgem.gov.uk by 12 May 2014. Alternatively they can be sent by post to:

Andrew Wallace
Smarter Markets
Ofgem
9 Millbank
London
SW1P 3GE

All responses will normally be published on our website. However, if respondents do not wish their response to be made public then they should clearly mark their response as not for publication.

Yours faithfully,

Rob Church
Associate Partner, Smarter Markets and Smart Metering

Appendix 1: Enforcing three week switching – summary of consultation responses

1.1. Our December 2013 consultation sought the views of interested parties on our proposal to introduce new licence obligations for gas and electricity suppliers to enforce three week switching. We received 15 responses of which two were confidential. This appendix lists all those that responded and provides a summary of non-confidential views.

List of respondents

	Name
1	British Gas
2	Community of Meter Asset Providers (CMAP)
3	Consumer Futures
4	Co-Operative Energy
5	Ecotricity
6	EDF Energy
7	ElectraLink
8	First Utility
9	Money Supermarket
10	nPower
11	Smartest Energy
12	Scottish Power
13	SSE
14	uSwitch
15	Xoserve

Summary of responses

1.2. Responses received by Ofgem which were not marked as being confidential have been published on Ofgem's website²¹. Copies of non-confidential responses are also available from Ofgem's library.

1.3. Comments were received from nine respondents on the proposed changes to SLC14A and eight respondents made comments on the proposed implementation timetable.

1.4. The majority of respondents supported our proposal to enforce three week switching as this will benefit consumers and support competition in the market.

Question 1: Do you agree with our proposed changes to SLC14A?

1.5. Five respondents, including one Big Six supplier agreed with our proposed changes to SLC14A, with one respondent arguing that it is appropriate to place an obligation on suppliers in order to ensure that they comply with the three week switching timetable laid down as part of the European Third Package.

Interactions with the cooling-off period and the Consumer Rights Directive (CRD)

1.6. A Big six supplier argued that it is difficult for industry systems to undo a switch. Consumers may agree to change supplier during the cooling off period but still retain cancellation rights under the Consumer Contracts Regulations until the end of the cooling off period. This could result in an increased risk of erroneous transfers and a negative experience for the customer.

²¹ <https://www.ofgem.gov.uk/publications-and-updates/enforcing-three-week-switching>

1.7. One Big Six supplier argued that the proposed three week switching licence condition and legislative changes to the cooling off period are due to come in at the same time and that these two changes may result in inconsistent or even conflicting supplier requirements.

1.8. One respondent suggested that the cooling off period should start after the switch to enable consumers to experience the new supplier's customer services and products.

1.9. A small supplier was concerned about switching during the cooling-off period without consumers waiving their rights under the Consumer Contracts Regulations. The supplier also argued that suppliers may push customers onto fixed-term contracts and try to get them to waive the cooling off period.²²

1.10. The same supplier proposed an additional clause in the licence that where the customer requests a switch to take place within the cooling-off period, the supplier should not be obliged to halt the switching process, instead allowing the customer to switch back to the old supplier at any time, without a penalty. They said that the customer could not then be locked in a fixed-term contract before the cooling-off period ends.

Definition of Relevant Date

1.11. Several suppliers requested clarification on the definition of the Relevant Date with one supplier arguing that the definition should be reconsidered after the Consumer Contracts Regulations had been made.

1.12. A Big Six supplier argued that the proposal to amend the definition of Relevant Date gave suppliers a discretionary opportunity to proceed with the switch during the cooling-off period.

Miscellaneous

1.13. One respondent had concerns that for meter asset providers (MAPs), the industry dataflow processes and timings might not be aligned with the three week switching proposal.

1.14. One respondent felt that the proposed changes are a positive step towards 24 hour switching, but would like 24 hour switching to be driven faster than the current timetable.

1.15. The same respondent argued that the Guaranteed Standards compensation arrangements should be amended to require payments to be made to customers who were not switched in the required timescales.

1.16. A Big Six supplier recommended that the proposals should replace the current requirement to include a reference to three week switching on the customer's contract.²³

1.17. One respondent suggested that Ofgem should consider amending the licence to require seven day switching. The respondent also suggested that the transfer process should begin as soon as the customer makes an agreement with the new supplier, even though the cooling-off period remains.

1.18. The same respondent recommended that there should be an Energy Switching Guarantee to protect customers during the change of supplier process. The Energy Switching Guarantee would ensure that the new supplier is responsible for fixing any problems and making sure that customers are not penalised.

1.19. The same respondent said that many of the delays in the switching process are

²² We note the Consumer Contracts Regulations do not allow the waiving of cooling off periods.

²³ DECC has requested that this provision be retained as part of its transposition of the Third Energy Package. We note that it would also provide a route for an individual customer to take action against a supplier where this contractual term has not been met.

caused by the delay in obtaining accurate readings from customers during the switch process and therefore there should be improvements in the current process for obtaining meter readings from consumers when switching.

1.20. A small supplier said that SLC14A should explicitly state that the “all reasonable steps” requirement only applies when a customer is on an open-ended contract or a deemed contract, as it is not appropriate for a customer within a fixed term contract to expect to change supplier unless they are approaching the end of that contract.

1.21. A Big Six supplier said that it was important to consider parties under the Green Deal Arrangement as they utilise the same switching mechanisms and, whilst none were identified, there could be consequential impacts to associated Green Deal processes.

1.22. A Big Six supplier said that research commissioned by Ofgem as part of the Change of Supplier Expert Group (COSEG) has shown that the time it takes to effect a change of supplier is not seen as a priority for the majority of customers.

Question 2: Do you agree with the proposed implementation timetable?

Implementation timetable

1.23. Three respondents agreed with the proposed implementation timetable with one respondent arguing that implementation timetable appears to be reasonable as the licence condition should not require suppliers to do anything new.

1.24. Two Big Six suppliers wanted Ofgem to delay the three week switching proposals to bring them in line with Energy UK’s faster switching proposals.

1.25. Two Big Six suppliers suggested that Ofgem should delay implementation until the impact of new cooling off arrangements was better understood.

Appendix 2: Preventing erroneous transfers – summary of consultation responses

1.1. Our December 2013 consultation sought views from interested parties on our proposal to introduce new licence obligations for gas and electricity suppliers to prevent erroneous transfers. We received 13 responses of which two were confidential. This appendix lists all those that responded and provides a summary of non-confidential views.

List of respondents

	Name
1	British Gas
2	Consumer Futures
3	Co-Operative Energy
4	Ecotricity
5	EDF Energy
6	ElectraLink
7	First Utility
8	Haven Power
9	nPower
10	Response from a consumer
11	Scottish Power
12	SSE
13	UKPN

Summary of responses

1.2. Responses received by Ofgem which were not marked as being confidential have been published on Ofgem's website.²⁴ Copies of non-confidential responses are also available from Ofgem's library.

1.3. Comments were received from 11 respondents on the proposed changes to SLC14A and eight respondents made comments on the proposed implementation timetable.

1.4. The majority of respondents supported our proposal to reduce erroneous transfers as this has a negative effect on consumers and trust in the market.

Question 1: Do you agree with our proposed changes to SLC14A?

1.5. Five respondents, including one Big Six supplier agreed with our proposed changes to SLC14A, with one respondent arguing that it would not be unduly onerous for suppliers to take reasonable steps to ensure that they had a valid contract with customers when a transfer request is made.

Clarity on the definition of 'all reasonable' steps and 'Valid Contract'

1.6. Several suppliers requested clarification on what "all reasonable steps" constitutes in the context of erroneous transfers and the definition of "Valid Contact".

1.7. Several respondents argued that suppliers should not be penalised when they act in good faith but cause an erroneous transfer due to incorrect data from customers or because of errors in the national gas and electricity registration databases. One respondent noted that Ofgem had recognised potential instances where an erroneous transfer may occur despite a supplier taking all reasonable steps to prevent this. They noted their preference for this to be on the face of the licence.

²⁴ <https://www.ofgem.gov.uk/publications-and-updates/preventing-erroneous-transfers>

1.8. A Big Six supplier suggested that the proposal should not apply where a broker had provided the supplier with wrong information as brokers are independent to suppliers.

1.9. A Big Six supplier did not believe that an additional explicit licence condition requirement was justified. The supplier suggested including a provision in the licence that acknowledges that if incorrect information is received that cannot be validated further, suppliers have met the requirement for "all reasonable steps" to ensure a Valid Contract is in place.

1.10. Two smaller suppliers agreed that it was reasonable to exclude liability where an erroneous transfer had resulted from a customer providing incorrect information or the customer changed their mind following the transfer request being made.

1.11. Several respondents, including one Big Six supplier were concerned at Ofgem's intention to address the issues of erroneous transfer by placing additional responsibilities on suppliers.

Erroneous Transfer Customer Charter (ETCC) and other related schemes

1.12. One respondent was concerned at the current performance of the market given that Ofgem had launched a review into erroneous transfers in 2002.

1.13. The same respondent suggested that the ETCC and the voluntary compensation scheme should be better promoted to smaller suppliers. Smaller suppliers should be encouraged to commit to the these, with Ofgem taking additional enforcement action to tackle problems at the worst performing suppliers.

1.14. One respondent proposed an incentive scheme that would allow a supplier to recover a proportion of lost energy costs and transportation costs in an erroneous transfer scenario. It suggested that the supplier should only receive this 'compensation' if its erroneous transfer rate was within an agreed rate set by Ofgem.

1.15. One respondent also stated that where an erroneous transfer took place, Ofgem should set expectations for industry around appropriate time for resolution, reconnection speeds and compensation where the customer is off supply. In particular it should consider if the existing protections are fit for purpose.

Interactions with the new 14 day cooling off period and Energy UK faster switching proposals

1.16. A Big Six supplier said that the proposed definition of a Valid Contract could not accommodate Energy UK's faster switching proposals. These were expected to require registration to begin during the cooling-off period, meaning that registration had already begun before the end of the period within which the customer can cancel. It suggested that further changes were required to the definition of a Valid Contract to address this incompatibility.

Miscellaneous

1.17. A smaller supplier did not consider that consumers should be compensated under the Guaranteed Standards of Performance requirements.

1.18. A Big Six supplier said that the Green Deal arrangements should be considered as they were linked to the switching process. It suggested that there may be consequential impacts, for example on Green Deal Erroneous Registrations.

1.19. The same supplier requested guidance from Ofgem on how it intended to measure the future success of this proposal and what the parameters will be for measuring when to

take enforcement action, or implement further changes if its current proposals did not realise the intended benefits.

1.20. Several respondents argued that suppliers already had a strong incentive prevent erroneous transfers, given the impact on the customer relationship as well as the financial costs for the gaining supplier.

1.21. One Big Six supplier stated that this licence change would have minimal impact on it and that they were unaware of other suppliers attempting to transfer customers without agreeing a contract.

1.22. A smaller supplier said that under this proposal, it would be required to extend the sales dialogue, which if coupled with the introduction of extra steps and consequent increased customer contact could potentially lead to both lower switching (as customers see it as difficult and intrusive) and higher sales costs. It said that the proposal could add a further burden for very little (if any) customer benefit.

1.23. Two respondents said that resolving the issue of erroneous transfers would need to be a collaborative industry effort and all parties must work together to address the root causes of the known issues (e.g. inconsistent data).

Question 2: Do you agree with the proposed implementation timetable?

Implementation timetable

1.24. Four respondents, including two Big Six suppliers, agreed with the proposed implementation timetable with one respondent arguing that implementation in summer 2014 is achievable, particularly as the licence change only seeks to ensure that suppliers perform certain checks which should already be taking place.

1.25. Several respondents said that implementation should be delayed as the definition of Valid Contract needed further consideration and the proposed changes should be aligned with the Energy UK faster switching proposals.

1.26. A Big Six supplier recommended that a more prudent approach should be taken to allow the industry to focus on implementing the Energy UK faster switching proposals first, reviewing the benefits and customer experience it delivers, and then determine if further change is required.

1.27. One respondent requested a consolidated approach to the introduction of all planned changes to SLC14A, so that modifications to industry processes, procedures and systems can be collated and implemented in the most appropriate manner.