

Domestic third party intermediaries: Confidence Code and wider issues

Consultation

Publication date: 07 August 2014

Response deadline: 02 October 2014

Contact: Barry Coughlan, Emily Sam

Team: Retail Markets

Tel: 020 7901 7000

Email: thirdpartyintermediaries@ofgem.gov.uk

Overview:

Third party intermediaries (TPIs), such as price comparison sites, play an increasingly important role in the market by helping consumers to make well-informed decisions. New services are emerging, and existing ones are expanding into new areas. We want to allow TPIs to innovate and provide useful services, while making sure consumers remain protected.

In this document we explain what our objectives are for TPIs in the domestic energy market, and our future priority work areas. We also propose changes to the Confidence Code, a voluntary code of practice for domestic price comparison websites. The changes we suggest are to make sure consumers get an independent, transparent, accurate and reliable service when using an accredited site, so they can compare tariffs and suppliers with confidence.

Separate to the work outlined in this document, we are today publishing our proposals to put in place protections for non-domestic consumers who use TPIs to help them meet their energy needs.

Context

Ofgem's principal objective is to protect the interests of both existing and future energy consumers. In our corporate plan for 2014-15 we committed to reviewing the Confidence Code and the wider regulatory framework for TPIs.

Our work on domestic TPIs aims to enable new and existing services to innovate and provide useful services, while making sure consumers remain protected.

Through our review of the Confidence Code, we aim to enable a wide range of domestic consumers to benefit from the protections the Code offers. We want to build on the solid foundations of the existing Code to make sure consumers using accredited sites get an independent, transparent, accurate and reliable service.

Our domestic TPI strategy and the Confidence Code review link up with our work on collective switching, non-domestic TPIs, and our work on the Retail Market Review. We have aligned our proposals with these initiatives.

Associated documents

All documents are available on the [Ofgem website](#).

Proposals for regulating non-domestic Third Party Intermediaries; February 2014.

Protecting consumers in collective switching schemes; February 2014.

Retail Market Review: Application of rules in the TPI sector; December 2013.

Open letter on Third Party Intermediaries (TPI) Programme, October 2013.

The Retail Market Review – Statutory consultation on the RMR domestic proposals, June 2013 Reference: 95a/13.

Third Party Intermediaries: Exploration of Issues and Options; June 2013.

The Retail Market Review – Final domestic proposals, March 2013, Reference: 40/13.

Confidence Code – Code Of Practice for online domestic price comparison services, March 2013.

Open letter on the Marketing of energy supply to domestic customers by Third Party Intermediaries (SLC 25), October 2012.

The Retail Market Review – Updated domestic proposals, Reference: 135/12, October 2012.

Contents

Executive Summary	4
1. Introduction	5
Background to the Code	6
Related initiatives	6
Stakeholder engagement	9
Structure of this document	9
2. Domestic TPI strategy and priorities	11
Evolving landscape	12
The current regulatory framework	13
Defining domestic TPIS	14
Principles for good intermediation	15
Our focus	16
3. Independence	20
Commission arrangements	21
Signposting to other sources of advice	22
Further work areas	23
4. Transparency	25
Results table filters and defaults	26
Supplier ratings	27
Green and environmental tariffs	28
5. Accuracy	29
Personal Projection	30
Tariff Information Label	30
Further work areas	31
6. Reliability	33
Complaints handling	33
Consumer vulnerability	34
Further work areas	35
7. Code scope and administration	37
Expanding the scope of the Code	37
Further work areas	40
Code administration	41
8. Next steps	46
Appendices	47
Appendix 1 - Consultation Response and Questions	48
Appendix 2 - Glossary	52
Appendix 3 - Feedback Questionnaire	55

Executive Summary

One of the ways we want to make a positive difference for consumers is to encourage and equip them to engage and get the best deal on their energy. Our Retail Market Review (RMR) reforms were designed with this in mind. They aim to rebuild trust and confidence in the market so that more consumers engage and are better able to choose the deal that suits them.

Third party intermediaries (TPIs) play an important role in helping consumers to make well-informed decisions about their energy supply. We expect the intermediary market to evolve, with new services emerging and existing ones expanding beyond their traditional focus. The rollout of smart metering, for example, will be a catalyst for innovation in the energy market. We want the TPI sector to play a full role in making the market work effectively for consumers.

Many consumers have positive experiences with, and a high level of trust in, TPIs. We want this to continue as the TPI landscape changes. Our vision is that domestic consumers are empowered to engage confidently with the energy market, assisted by an innovative range of good quality, trusted intermediary services.

Our Confidence Code for online price comparison sites already provides a framework for protecting consumer interests in the provision of those services. The Code is based on four main principles: independence, transparency, accuracy and reliability. These principles are essential in maintaining consumer confidence in TPI activities and therefore central to achieving our vision.

We want to make improvements to the Code in line with the principles of good intermediation. In particular, we propose to increase consumers' awareness of the availability of 'whole of market' comparisons; improve transparency around sites' commission arrangements; and reflect recent changes brought about by the RMR. We also propose to expand the scope of the Code, to cover different types of comparison sites and collective switching schemes, and to increase consumers' awareness of it. This would mean that more services can, and want to, become accredited and a greater number of consumers can benefit from its protections.

We want to facilitate the development of the TPI sector as a whole. In particular, we propose to remove obstacles to TPI development such as difficulties accessing supplier tariff information. We also propose to facilitate the provision of face-to-face services by TPIs, which have potential benefits for harder to reach and vulnerable consumers. We want to enhance our monitoring of the TPI market so that we can proactively identify developments and issues. This will help us to shape the regulatory framework so that it provides appropriate protections for consumers while being relevant to a range of TPI services. In doing so, we are keen to learn from the experience of other industries, given TPIs often operate in multiple sectors.

We will hold a range of follow-up workshops open to all interested parties during the consultation. After we have considered stakeholder views, we will publish our decision and way forward in December.

1. Introduction

1.1. TPIs are playing a more prominent role than ever before helping consumers to engage. For example, recent research conducted on behalf of Ofgem suggests 40% of energy switchers found out about the deals they switched to through comparison sites.¹ This is compared to just over 20% in 2011.² And for many consumers the interaction they have with TPIs, with trust in them very high – 94% of consumers consider comparison sites to be reliable.³

1.2. Research conducted by Ctrl-Shift on our behalf has shown a markedly changing TPI landscape.⁴ New types of TPIs have emerged, and existing services have expanded beyond the traditional comparison site model. These range from collective switching schemes, to energy efficiency advisory services, to mobile apps for comparing and switching, to follow-up prompting services that inform consumers when cheaper tariffs are available. Furthermore some of these services are active in multiple sectors.

1.3. Other initiatives such as smart meters, QR codes and midata (covered below) could further change this market. TPIs will play an important role in determining the extent to which these changes empower consumers.

1.4. There have also been changes to the regulatory landscape. From August 2013 onwards, our Retail Market Review (RMR) remedies have been rolled out to help consumers engage with the market,⁵ by making it simpler, clearer and fairer. These measures will change the way consumers interact with the market, creating opportunities for TPIs to incorporate them into their services.

1.5. In March of last year, we took over responsibility for administering the Confidence Code (the Code), a voluntary code of practice for price comparison sites, from Consumer Focus. And earlier this year, we proposed to extend the Code to cover collective switching schemes. We want to make sure the Code reflects recent, and potential future, market changes so that it remains fit for purpose.

1.6. More widely, these changes mean that the TPI market is a very dynamic space, with great potential to empower consumers. We want to facilitate innovation among TPIs, while ensuring consumers are protected. To achieve this we intend to

¹ Ipsos Mori/Ofgem, [Customer engagement with the energy market: Tracking survey 2014](#), June 2014

² Ipsos Mori/Ofgem, [Customer engagement with the energy market: Tracking survey 2011](#), January 2011

³ RS Consulting/Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013

⁴ Ctrl-Shift/Ofgem, The Changing Consumer Empowerment Landscape, August 2014. This report has been published in conjunction with this document.

⁵ Any reference to a market or markets in this document is without prejudice to any definition of market which may be established for other purposes, such as competition law.

develop a coherent regulatory approach to TPIs, so we are consulting now on a set of strategic issues and our priority work areas going forward.

1.7. Below we provide a brief background to the Code, some of our related initiatives, and a summary of our engagement with stakeholders to date.

Background to the Code

1.8. The Code was initially created by energywatch in 2002 before being taken over by Consumer Focus in 2008. In 2012, the Department for Business, Innovation and Skills (BIS) confirmed that we would assume responsibility for administering the Code when Consumer Focus' functions were merged with Citizens Advice. We committed to reviewing the Code once we had assessed how it performs. There are currently 11 sites accredited under the Code.⁶

1.9. What we have learned from managing the Code has reaffirmed our view that it plays an important role in assuring consumers that they will receive independent, reliable, accurate and transparent information when comparing tariffs. Comparison sites in the energy sector tend to outperform their counterparts in other industries across criteria such as accuracy and transparency. Accredited sites also tend to rate more highly than non-Code members.⁷

1.10. Our own regular audits have demonstrated that in general sites score highly on the accuracy of comparison results provided, and more widely on the tariff and other information they provide.

1.11. In general, we consider the Code currently delivers on its objectives in providing consumers with a good-quality service when using accredited sites. We want to build on this solid foundation and strengthen some of the protections the Code provides and bring it up to date with recent changes. We also want to extend its reach so that more sites can become accredited, and to reflect and enable site innovation.

Related initiatives

Collective switching

1.12. Collective switching is a facet of TPI activity which can have considerable benefits for consumers. It has grown quickly since Which? and 38 Degrees carried out the first GB collective switch in May 2012. The government⁸ and consumer

⁶ [Ofgem Confidence Code](#) – As at 6th August 2014 there are 11 sites accredited under the Code. We expect to confirm another site's accreditation shortly, bringing this total to 12.

⁷ eDigital Research/Consumer Focus, [Comparing comparison sites: Price comparison website mystery shopping report](#), February 2013

⁸ BIS, [Better Choices: Better Deals](#), 2011

groups⁹ have promoted collective switching as a way for consumers to engage with the market and save money on their energy bills. We have welcomed collective switching as an innovation that could benefit consumers. We consulted earlier in the year on two proposals for supporting these services:

- Expanding the Confidence Code to encompass accreditation of collective switching service providers, and include specific requirements for collective switching; and
- Requiring suppliers to use an accredited collective switching service when using the RMR tariff cap exemption, by amending SLC 22B.38.¹⁰

1.13. We have considered responses to this consultation and will be publishing our collective switching decision document in due course.

Non-domestic third party intermediaries

1.14. In February 2014, we consulted on proposals to enhance current regulations to protect the interests of existing and future business consumers engaging with TPIs. We proposed to place a licence obligation on suppliers to only work with TPIs who are accredited to an industry-governed code of practice.¹¹

1.15. We have considered responses to this consultation, and are today publishing an open letter setting out our proposed next steps in relation to non-domestic TPIs. We intend to take forward our proposals to put in place a mandatory code of practice for non-domestic TPIs.

1.16. We consider that a different approach to protecting consumers using TPIs in the non-domestic market is appropriate at this stage. This reflects the differences between the non-domestic and domestic markets, in particular in relation to price transparency and the types of services offered by TPIs in the non-domestic sector. Moreover, our consumer research undertaken last year indicated that levels of trust in non-domestic TPIs were lower.¹² However, we continue to maintain close links across our TPI work as a whole, to ensure a coherent and, where appropriate, consistent approach.

⁹ Consumer Focus, [Get it, together – The case for collective switching in the age of connected consumers](#), 2012

¹⁰ Ofgem, [Protecting consumers in collective switching schemes](#), February 2014

¹¹ Ofgem, [Proposals for regulating non-domestic third party intermediaries \(TPIs\)](#), February 2014

¹² Element Energy/Ofgem, [Quantitative research into non-domestic consumer engagement in, and experience of, the energy market](#), December 2013

Cashback

1.17. Some parties have expressed concern about the implication for TPIs of our RMR rules on cashback and bundled products, and the consequent impact for consumers. In December 2013, we issued an open letter stating our desired policy outcome, which was to allow TPIs to offer cashback or bundled products where these act as a genuine inducement to engage and do not materially distort consumer choice.¹³

1.18. We have since held a stakeholder event in which participants discussed the potential advantages and disadvantages of cashback and bundled products offered by TPIs. Stakeholders considered the possible consequences that any chosen policy could have on different types of TPI as well as on TPI competition as a whole. We are currently analysing the issues raised, as well as reviewing policies and practices relating to cashback and bundled products in other industries. We will seek stakeholder views outside of this consultation and gather further evidence to inform our policy development. This will include consumer research to establish whether cashback can encourage consumer engagement without distorting choice.

Community energy

1.19. We continue to engage with the community energy sector and are taking steps to improve the experience of community energy projects in areas under Ofgem's remit, such as in connecting to the grid. We are also working more broadly alongside DECC and other stakeholders to better understand the impacts of community energy on current and future consumers.

midata and QR Codes

1.20. The government's midata programme aims to provide consumers with easy access to their consumption and tariff information. This has clear benefits for consumers engaging with the energy market, putting them in a better position to compare tariffs and suppliers and to make informed choices. The availability of this data will also facilitate competition in existing markets and the development of new markets. In particular, it may enable third parties to innovate and offer services to energy consumers that may not otherwise be available. An implementation group has been convened to identify barriers and develop potential solutions for providing access to this data to consumers and trusted third parties (with consumers' permission), and will report back at a roundtable in the autumn.

1.21. In addition, the government has concluded a consultation on the introduction of Quick Response (QR) codes, which could make it much easier for consumers to engage with the market and compare tariffs. QR codes would contain key bits of information about a consumer's usage and tariff information, which could be used during the comparison process, reducing the time and effort need to search around

¹³ Ofgem, [Retail Market Review: Application of rules in the TPI sector](#), December 2013

for better tariffs. This creates opportunities for TPIs to innovate and utilise the new technology.

Stakeholder engagement

1.22. In June 2013, we published a consultation exploring issues and options for regulating TPIs in the domestic and non-domestic retail energy market.¹⁴ We followed this up with a stakeholder event in October 2013 to discuss issues of common interest in greater depth.¹⁵

1.23. Through the consultation and workshop, we received a large amount of input and feedback from stakeholders, which has helped to inform our work on TPIs and identify our priority areas going forward.

1.24. In addition, we have held a series of workshops and bilateral meetings with a range of comparison sites, both accredited and non-accredited, to discuss issues relevant to the Code. These discussions have helped to shape the proposals for Code changes set out in later chapters.

Structure of this document

1.25. The document is divided into two main sections. In the first, we consider issues relevant to the TPI market as a whole.

- **Chapter 2 – Domestic TPI strategy and priorities:** We consider the key issues and challenges relevant to the domestic TPI market. We provide context to the TPI landscape, our overarching vision, and set out our priority work areas going forward.

1.26. In the second part we propose specific changes to the Confidence Code to further embed the overarching principles of good intermediation. We also discuss some areas where we want to obtain stakeholder views to inform potential future work.

- **Chapter 3 – Independence:** To ensure consumers understand how the results they see are influenced by sites' commission arrangements, and to make sure sites direct consumers to sources of independent advice.
- **Chapter 4 – Transparency:** To increase transparency around the availability of whole of market comparisons, and non-price information such as supplier ratings.

¹⁴ Ofgem, [Third party intermediaries, exploration of market issues and options](#), June 2013

¹⁵ [Third party intermediary \(TPI\) stakeholder conference](#)



Domestic third party intermediaries: Confidence Code and wider issues

- **Chapter 5 – Accuracy:** To reflect remedies recently introduced as part of the RMR reforms so that sites provide accurate and up to date information.
- **Chapter 6 – Reliability:** To introduce minimum standards for complaint handling and to make sure sites provide information helpful to Warm Home Discount recipients.
- **Chapter 7 – Code expansion and administration:** To allow a greater number of comparison services to become accredited, to align Code administration processes with best practice, and to make the audit self-funding as it was previously under Consumer Focus.

2. Domestic TPI strategy and priorities

Chapter Summary

This chapter provides an overview of the current TPI landscape, and sets out our working definition of a TPI and the principles we consider crucial to good intermediation. It also sets out our priority work areas with respect to TPIs going forward.

Question 1: Do you agree with our summary of the current domestic TPI landscape? In the light of recent developments in TPI services, are there other important factors we should be taking into account?

Question 2: Does the definition exclude services you would expect to be covered? If so, how might it be adjusted to accommodate them?

Question 3: Would this definition include services you would not expect in light of our TPI vision? Why do you think these services should be excluded?

Question 4: Do you agree that domestic intermediaries should provide an independent, transparent, accurate and reliable service to their customers?

Question 5: Are you aware of potential challenges for particular types of TPI models in embedding any of the principles? How might these challenges be addressed?

Question 6: We have identified information exchange and face-to-face services as priority areas for our consideration. Are there other areas you think we should be focusing on in the near future?

Question 7: Are you aware of barriers to effective information exchange between suppliers and TPIs which impact on services to consumers? If so, how might these barriers be addressed?

Question 8: What further steps do you think we should take to facilitate face-to-face services, particularly to support engagement with more vulnerable or harder-to-reach consumer groups?

2.1. We are determined to make the market simpler, clearer and fairer for consumers. Our domestic Retail Market Review (RMR) package of reforms is crucial to this. The measures started to come into force in August 2013, and they are all now in place. We wish to encourage greater consumer engagement in what is a complex and evolving market.

2.2. The RMR measures are largely targeted at supplier behaviour and the information they provide to help consumers make well-informed decisions. TPIs

increasingly have the potential to make an important contribution to our aim of empowered and informed domestic consumers actively engaging with the market. We welcome the emerging and positive range of services TPis offer. We are keen to facilitate further potential benefits for consumers.

2.3. Our vision is that domestic consumers are empowered to engage confidently with the energy market, assisted by an innovative range of good quality, trusted intermediary services.

Evolving landscape

2.4. TPis operate in a dynamic and expanding environment. Existing services already cover a range of established business models, such as online comparison sites, while also developing newer offers such as power of attorney services. We have proposed radical reforms to industry arrangements on the back of the roll-out of smart metering to speed up, and make more reliable, the switching process for domestic consumers, which will create new opportunities for intermediaries' involvement.

2.5. Many consumers are already using TPis to facilitate their engagement with suppliers. Increasing numbers of consumers use price comparison sites to compare tariffs. 40% of energy switchers found out about the deals they switched to through price comparison sites this year, compared to just over 20% in 2011.¹⁶ This trend is being driven in part by new platforms such as mobile devices. We have also seen the emergence of independent face-to-face advisory services.

2.6. TPI services include facilitating the procurement of energy supply, within which online comparison sites are currently the dominant form. TPis can also provide data management services, energy efficiency advice or a combination of these and other services. We previously explored in more detail some of the types of TPI services available.¹⁷ In conjunction with this document, we are publishing a report by Ctrl-Shift, providing further information on existing and emerging TPI services.

2.7. Government is encouraging energy companies to release transaction/usage 'midata' back to consumers (see chapter 1). The programme is designed to enable consumers to view, access and use the personal and transaction data held by companies, such as billing, tariff and usage electronically in a way that is portable and machine readable. The energy sector is leading the way in this area. This may create additional opportunities for TPis in the future.

2.8. The roll-out of smart meters will bring real-time data to all consumers, creating many opportunities for an expansion of TPI services. We are already seeing

¹⁶ Ipsos MORI for Ofgem, [Consumer engagement with the energy market: tracking survey 2014](#), June 2014

¹⁷ Ofgem, [Third party intermediaries, exploration of market issues and options](#), June 2013 (the 'June 2013 publication')

innovative offerings being developed by third parties. The smart meter arrangements have been designed to allow for consumers to share their detailed consumption data directly with third parties, without relying on suppliers. This will put the consumer in control, and creates the potential for a range of new relationships with TPIs, who could play an important role in helping to meet consumers' energy needs.

2.9. Following the smart meter roll-out, we expect that intermediaries will have an important role to play facilitating domestic consumers' engagement in demand side response (DSR) provision. Many of these services could be offered by intermediaries, such as aggregators of firms selling home energy management services. We are considering DSR developments in more detail as part of our DSR project within our Smarter Markets programme.¹⁸

2.10. It is not just within the energy market that TPIs are growing in influence and scale; some intermediary services already operate across sectors. We recognise that there is also considerable related work being done by other regulators. The Financial Conduct Authority, for example, recently published its findings on the role of price comparison sites in the general insurance sector.¹⁹ It is vital that we consider domestic TPIs within the broader context of wider regulatory and policy scrutiny by bodies such as the UK Regulators Network (UKRN). In our ongoing work, we will work with the UKRN, the Competition and Markets Authority (CMA) and government where appropriate to help ensure a joined up approach.

Question 1: Do you agree with our summary of the current domestic TPI landscape? In light of recent developments in TPI services, are there other important factors we should be taking into account?

The current regulatory framework

2.11. TPIs are not subject to direct sectoral regulation by us in the same way as energy suppliers. In some circumstances, this may contribute to additional opportunities for innovative approaches. It can also lead to increased risks for consumers. We want to ensure that the necessary arrangements are in place to allow for innovation which benefits consumers and provides them with appropriate protection.

2.12. We consulted on issues and options for TPIs in June 2013, including questions relating to the current regulatory measures. There were mixed views as to whether the existing arrangements were sufficient. Some respondents argued that there needed to be a different regulatory approach between the domestic and non-domestic market. We agreed that this was appropriate at this time. We identified specific issues which needed addressing for the non-domestic market, which we have developed separately. We are publishing our conclusions on regulating non-domestic

¹⁸ See [Demand Side Response](#)

¹⁹ Financial Conduct Authority, [Price comparison websites in the general insurance sector](#), July 2014

TPIs alongside this consultation document.²⁰ Our proposals will complement the powers we successfully negotiated to enforce the Business Protection against Misleading Marketing Regulations last year.

2.13. In the domestic sector, TPIs are subject to general consumer protection regulations and rules. We also have powers to take action against TPIs in respect of breaches of consumer protection law. In some cases TPIs have signed up to additional voluntary agreements governing their business practices and interactions with consumers. The Confidence Code is a voluntary agreement which we think is currently operating effectively. The Confidence Code already covers 11 online price comparison services and we are making proposals in this consultation to expand the types of services covered.

2.14. There are instances when TPIs are classified as a supplier's representative, as defined in the standard licence condition 1 (SLC1) of the gas and electricity supply licences. Ofgem has the power, in those instances, to enforce against a supplier in respect of the actions of their representatives. We know from our previous stakeholder engagement that this can cause challenges for both suppliers and TPIs. An example would be in respect of standard licence condition 25 (SLC 25), the marketing licence condition. Different parties interpret SLC 25 differently and TPIs may not always be clear as to when their activities are captured by it. We discuss SLC 25 further below.

2.15. The evidence from our consumer research and stakeholder feedback to date does not suggest any substantive cross-cutting concerns relating to domestic TPIs which might require significant regulatory intervention. We will keep this closely under review as we continue to monitor the domestic TPI market to see whether it operates in line with our vision. We have identified, however, specific areas which do require further work. These are set out in our focus areas below.

2.16. We will continue to monitor the development of the TPI market to be able to identify when and what regulatory interventions are required. We are considering what information we require from suppliers and other parties to inform our understanding of the TPI market. This will help us ensure we can spot issues as they may arise. We also plan to undertake further research to identify what consumers most value from intermediaries and any issues, for example, arising from cashback arrangements as discussed in chapter one.

Defining domestic TPIs

2.17. This diverse and changing landscape creates a challenge for defining TPIs. We have previously set out a working definition.²¹ We have explored this further with stakeholders, predominantly focusing on the non-domestic sector.²²

²⁰ Ofgem, Next steps to the non-domestic TPI code of practice project, August 2014

²¹ Ofgem, [Third party intermediaries, exploration of market issues and options](#), June 2013 (the

2.18. TPIs can cover a broad range of services as apparent from our June 2013 publication and the Ctrl-Shift report. Some stakeholders have expressed concerns about having a single definition to cover such a range of services. We recognise these concerns but we consider that there is benefit from having an overarching definition for domestic TPIs to help enable a shared understanding of the services discussed. To clarify, we do not anticipate that any subsequent intervention we may take would necessarily apply to all parties covered by the definition.

2.19. Informed by stakeholder input, we proposed potential definitions for non-domestic TPIs in the February 2014 consultation on proposals for non-domestic TPIs. Having considered consultation responses, we propose to work further with stakeholders to refine our definition. Our proposed definition for domestic TPIs has been informed by this work. We propose to define domestic TPIs as:

an intermediary between a domestic consumer and an energy supplier, providing advice and assistance to a consumer in relation to their energy supply.

Question 2: Does the definition exclude services you would expect to be covered? If so, how might it be adjusted to accommodate them?

Question 3: Would this definition include services you would not expect in light of our TPI vision? Why do you think these services should be excluded?

Principles for good intermediation

2.20. Our vision for the domestic TPI market is underpinned by principles of good intermediation. We think there are four main principles that such services should adhere to in order to give consumers confidence:

- a. Independence** – intermediary services should focus on consumers' needs, whether those of individuals or groups of consumers. As a consequence, they should be provided independently of any one gas or electricity supplier. The service may be funded through commission or other funding from one or more suppliers but this should be made clear to consumers. The service should not reflect any bias in favour of a particular supplier(s).
- b. Transparency** –services should be transparent both in the information and advice provided for example offering a whole of market comparison.

'June 2013 publication')

²² Ofgem, [Proposals for regulating non-domestic third party intermediaries \(TPIs\)](#), February 2014 (the 'February 2014 consultation document')

- c. **Accuracy** – any information or advice should be accurate, stating clearly when it was last updated and, where appropriate, the sources used. The consumer must not be misled as to the accuracy of the information made available to them. It should make clear to the consumer where estimated or assumed information informs the advice provided.
- d. **Reliability** – all aspects of the services’ operational activities should be reliable and robust. This includes both the provision of information and having effective and efficient processes in place, for example, effective complaint handling processes.

2.21. Taken together, the principles reflect our view of what constitutes good intermediation. They are in line with our approach to accrediting sites under the Confidence Code. We think they apply equally to other TPI services within our overarching definition. For some services these principles should already be embedded in their approach, for example accredited comparison sites. We recognise that other, newer services may need to do more to meet them.

Question 4: Do you agree that domestic intermediaries should provide an independent, transparent, accurate and reliable service to their customers?

Question 5: Are you aware of potential challenges for particular types of TPI models in embedding any of the principles? How might these challenges be addressed?

Our focus

2.22. This consultation is a continuation of our work to ensure that TPI services help to meet consumers’ energy needs. It follows previous stakeholder engagement on the matter, including the June 2013 publication and a stakeholder event in October last year.²⁴ This has informed our focus on a number of related areas to date, including the review of the Confidence Code set out in this consultation, developments in collective switching and arrangements for non-domestic TPIs (see chapter 1 for more detail and related initiatives). We set out below how we intend to extend our work in two areas: information flows and face-to-face services. We consider both these areas to be critical to achieving our vision for consumers’ engagement with domestic TPIs.

Question 6: We have identified information exchange and face-to-face services as priority areas for our consideration. Are there other areas you think we should be focusing on in the near future?

²⁴ See June 2013 publication as above and [Third party intermediary \(TPI\) stakeholder conference](#)

Information flows

2.23. We want to understand better the information flows between different parties and the implications of these.²⁵ Supplier behaviour to development of the TPI market in line with our vision. There are some existing requirements on suppliers regarding information flows. For example, they are required to provide the terms and conditions of current domestic tariffs to parties who request it.²⁶ This can include information on the supplier's charges. This is intended to enable consumers and third parties to access tariff information and facilitate switching activities.²⁷ In addition, suppliers are required to provide a Tariff Information Label (TIL) for each of their tariffs on their website, and on request. This means TILs for all tariffs will be available to sites should suppliers not provide them directly.

2.24. Some stakeholders have expressed concerns that some suppliers may constrain TPIs' access to data they need, restricting the services which TPIs can offer consumers and affecting the accuracy of the information they can provide. The issues broadly fall into two categories: data access by the TPI and data retention. We want to understand these further and the specific concerns of different parties involved.

2.25. Another concern which has arisen relates to the ability of TPIs to engage in the industry data flows, which can create barriers to development of new intermediary services. We recognise that there are important related data protection issues to consider. However, these should not be used as a justification for blocking information flows unnecessarily.

2.26. In our proposed TPI principles, we identify accurate and reliable information as being critical to a good intermediary service. We therefore want to hear from both suppliers and TPIs what the relevant issues are and their causes.

2.27. We will focus on understanding any barriers to information flow between parties currently blocking further development as one of our priority areas. We will hold a workshop covering these areas in more detail in the autumn 2014. We expect to provide further details on our findings on and potential solutions for information flows between suppliers and TPIs in spring 2015.

Question 7: Are you aware of barriers to effective information exchange between suppliers and TPIs which impact on services to consumers? If so, how might these barriers be addressed?

²⁵ In certain cases, exchange of strategic data among commercial parties can lead to breach of competition law prohibitions on anti-competitive agreements. Parties are responsible for ensuring they are compliant with competition law, and Ofgem would recommend that parties consider obtaining appropriate legal advice.

²⁶ Set out in standard licence condition 22.8 of the gas and electricity supply licences.

²⁷ We published [guidance on the exchange of domestic tariff pricing information between suppliers](#) in February 2013.

Face-to-face services

2.28. We identified in our Consumer Vulnerability Strategy that good face-to-face advice and support can be particularly valued by consumers in vulnerable situations.²⁸ Where used appropriately, this can be a powerful way of engaging people who do not have ready access to online services and/or the confidence to use them.

2.29. We already have a number of initiatives to encourage such interactions. For example, we developed the Market Cheapest Deal concept as part of RMR to look at how best to support engagement of the most vulnerable and 'sticky' consumers. Following further discussion with industry and consumer groups we decided to focus this work on facilitating the provision of face-to-face advice to these customers. As part of this we have been looking with the Citizens Advice Service at increasing provision of Energy Best Deal Extra sessions which offer one-to-one support to consumers to assist in assessing their energy options.

2.30. Telephone engagement is also an effective engagement channel for TPIs. Telephone interactions in price comparison are not covered by the Confidence Code. We are interested to understand the challenges this may create for further development of telephone services.

2.31. Suppliers must not mislead consumers. We introduced SLC 25 partly to ensure that domestic customers are able to make well informed decisions when entering into domestic supply contracts and are protected from misselling activities. This is still one of our priorities.

2.32. We know some suppliers have concerns about having a commercial relationship with parties wishing to offer this service, fearing that this might cause them to breach SLC25. We published guidance in 2012 on the provision of face-to-face advice by intermediaries.²⁹ In the guidance we make clear that we do not consider SLC25 to have the effect of prohibiting TPIs from engaging with customers face-to-face to offer "across the market" comparisons if appropriate systems and processes are in place.

2.33. We asked in our June 2013 publication about the extent to which the current formulation of SLC 25 may act as a barrier to the development of more face-to-face TPI activity. There were mixed views from respondents but a commonly cited difficulty was TPIs working with multiple suppliers and being given conflicting

²⁸ Ofgem, [Consumer Vulnerability Strategy](#), 2013

²⁹ Ofgem, [Marketing of energy supply to domestic customers by Third Party Intermediaries1 \(TPIs\) – clarification of Standard Licence Condition \(SLC\) 25 of the gas and electricity supply licences](#), October 2012

interpretations of SLC 25. Some respondents to our recent consultation on collective switching also noted concerns on arrangements for face-to-face services.³⁰

2.34. We reiterate that we do not consider SLC 25 itself to prevent face-to-face TPI services. Some services have developed approaches successfully within the current framework, both for individual consumers and for collective switching.

2.35. We will continue to prioritise facilitating face-to-face services, particularly in providing support to harder to reach groups. This will involve further consideration as to whether additional guidance or intervention is needed from us relating to SLC 25. We may also consider whether it would be appropriate to expand the Confidence Code to cover face-to-face services. We are also keen to learn from pilots of innovative face-to-face services and approaches taken. We expect to set out our proposals for facilitating face-to-face services in spring 2015, including any specific measures which may be necessary in relation to SLC 25.

Question 8: What further steps do you think we should take to facilitate face-to-face services, particularly to support engagement with more vulnerable or harder-to-reach consumer groups?

³⁰ Ofgem, [Protecting consumers in collective switching schemes](#), February 2014. We will be publishing our collective switching decision document shortly.

3. Independence

Chapter Summary

Covers how we intend to strengthen Code requirements so that consumers understand how a site's commission arrangements influence the tariff results they see, and our proposals for sites to guide consumers to sources of independent advice.

Question 9: What are your views on our proposal to increase the transparency of sites' commission arrangements with suppliers and the impact this has on the results a consumer will see?

Question 10: Do you agree that sites should direct consumers to the sources of independent advice identified? Are there other sources you would suggest?

Question 11: Do current requirements (within the Code or more widely) or supplier practices put unnecessary restrictions on sites' business models? If so, what changes could be made to allow greater flexibility?

Question 12: Should there be a central repository of information for prepayment customers? Who should fill this role? And in what way could sites facilitate the provision of this information to consumers?

Question 13: What timeframe would you propose for implementing our proposals in relation to site independence?

3.1. We consider that sites should be independent of any one gas or electricity supplier so that consumers can be confident that sites are providing an impartial service focused on their needs.

3.2. Intermediary services should focus on consumers' needs, whether those of individuals or groups of consumers. As a consequence, they should be independent of any one gas or electricity supplier. The service may be funded through commission or other funding from one or multiple suppliers but this should be made clear to consumers. The service should not reflect any bias.

3.3. Existing Code requirements make sure that accredited sites are, and act, independently of any gas or electricity supplier. Sites may receive commission³¹ from one or multiple suppliers but they should not be a direct affiliate of a supplier. This means that sites will not misrepresent the price of one supplier over another because of any commission arrangement that exists.

³¹ We use the term 'commission' as shorthand in this document to refer to all commercial arrangements between suppliers and comparison sites.

3.4. Survey evidence suggests consumers generally trust comparison sites across different sectors (94% feel they are reliable).³² Nevertheless our research has shown some scepticism around sites' independence, particularly if sites receive commission from suppliers.^{33,34} Questions have also been raised by stakeholders about whether sites should be more upfront about their commission arrangements with suppliers and how this influences the results they show.

3.5. Accredited sites also have the potential to provide useful information to consumers that is not directly relevant to tariff comparisons. For instance, sites direct consumers to sources of independent information about energy efficiency measures.

3.6. We want to strengthen existing Code requirements so that accredited sites are seen to be independent of a particular supplier or suppliers, and so that sites guide consumers to useful independent energy advice.

Commission arrangements

Proposal: Sites should provide a clearly identified list of suppliers with whom they have a commission arrangement within two clicks of the energy homepage. We also propose that they should clearly explain how these arrangements influence the results a consumer will see, including any default or optional filtering sites have.

3.7. Currently the Code requires sites to list each supplier with whom they have a commission arrangement. However, the accessibility of this information varies across sites, and sometimes a lot of navigating through a number of different pages is needed.

3.8. The messaging that sits alongside the list of suppliers is not always as clear as it could be. Some sites suggest that their commission arrangements have no impact on the results a consumer will see, despite the fact that the filters discussed above default to only showing those tariffs the site can switch a consumer to.

3.9. We recognise that filtering results depending on commission arrangements is fundamental to some sites' business model. We think that sites accredited to the Code should be open about the commission arrangements they have, and the way this affects the results they show.

3.10. We want to make it easier to access the list of suppliers from whom an accredited site receives commission. Sites should also explain how their commission

³² RS Consulting/Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013

³³ RS Consulting/Consumer Futures, [Price comparison websites: Consumer perceptions and experiences](#), July 2013

³⁴ Ipsos Mori/Ofgem, [Consumer engagement with the energy market, information needs and perception of Ofgem](#), August 2012

arrangements with suppliers affect the results a consumer will see, including if they filter, as a default, to show only a subset of suppliers. We think the list and explanation should be clearly identified and no more than two clicks away from the energy homepage.

3.11. Our aim is to provide transparency for consumers and comparability across sites, while allowing sites flexibility to present this information in a user-friendly way. Having this information no more than two clicks from the homepage is in line with current Code requirements and wider industry practice, so as to allow information to be appropriately tiered when presented to consumers.

3.12. We have no evidence at this stage to suggest that it would be beneficial to give consumers information about the amount of commission that sites receive from each supplier. Indeed, current Code requirements mean the size of commission is irrelevant. In addition, such a requirement may reduce sites' ability to negotiate with suppliers and damage competition in the sector. They could also need to renegotiate confidentiality agreements, which could be costly and time-consuming.

Question 9: What are your views on our proposal to increase the transparency of sites' commission arrangements with suppliers and the impact this has on the results a consumer will see?

Signposting to other sources of advice

Proposal: Sites should provide clearly identified links to the websites of the Energy Saving Trust, Energy Company Obligation, and the government's energy grants calculator. These should be no more than two clicks from the energy homepage.

3.13. The Code currently specifies that sites must either provide energy efficiency advice to consumers directly, or else guide them to information elsewhere. The sources of advice listed in the Code are out of date and our audits have highlighted a mixture of practices among sites, with some information difficult to access. This is in part due to the wording of the current requirement and guidance, which leaves room for interpretation that makes it difficult to audit against.

3.14. We want sites to link to the Energy Saving Trust³⁵ and Energy Company Obligation³⁶ websites within two clicks of the energy homepage. We do not intend to restrict sites in the energy efficiency advice they choose to provide themselves. By doing so, we hope to ensure a consistent minimum standard against which to assess sites' compliance.

3.15. Some consumers, particularly the vulnerable, may be eligible for help with their energy bills or to make their home more energy efficient. These consumers

³⁵ [Energy Saving Trust](#)

³⁶ Ofgem, [Energy Company Obligation – information for domestic consumers](#)

could be guided to this information when comparing tariffs, and we propose that sites should host a link directing consumers to the government's online energy grants calculator.³⁷

Question 10: Do you agree that sites should direct consumers to the sources of independent advice identified? Are there other sources you would suggest?

Further work areas

Commission-based model

3.16. Discussions with sites have highlighted that some consider themselves to be tied to a commission-based model. This appears to be the case primarily due to two factors:

- Current Code requirements limit sites' ability to advertise energy-related products or services.
- Suppliers currently sign confidentiality agreements and share tariff data with sites only once they are accredited under the Code.

3.17. We do not propose to remove the existing Code requirements at this stage. We are concerned that were sites to market particular tariffs or energy products this may detract from consumers' understanding of, and trust in, the independence of the results sites provide. Equally, however, we do not want to unnecessarily restrict sites to a particular business model.

3.18. We want to build our understanding of these issues, and so we seek stakeholder views as to whether current requirements or practices unnecessarily limit sites' business models, and if so what changes could be made to allow greater flexibility.

Question 11: Do current requirements (within the Code or more widely) or supplier practices put unnecessary restrictions on sites' business models? If so, what changes could be made to allow greater flexibility?

Information for prepayment customers

3.19. The switching process for prepayment customers can be more complicated than for others. When assessing their options, prepayment customers should be able to access practical information such as the threshold up to which a consumer can be in debt and still switch suppliers (known as the Debt Assignment Protocol). We have

³⁷ [Energy grants calculator](#)

recently conducted a review of the Debt Assignment protocol and will be publishing our findings this autumn.

3.20. Workshops with sites have highlighted that there is currently no independent, centralised source of information specifically for prepayment customers. We seek stakeholder views on whether there should be a central provider of information for prepayment customers, who should fill this role, and what role sites could play in providing consumers with access to this information.

Question 12: Should there be a central repository of information for prepayment customers? Who should fill this role? And in what way could sites facilitate the provision of this information to consumers?

4. Transparency

Chapter Summary

Covers our proposals to increase transparency around the availability of whole of market comparisons, so that consumers can be confident that the sites are acting in an unbiased way. Also covers our proposals to improve transparency around supplier ratings and reflect recent changes to green and environmental tariff display.

Question 14: Do you agree with our proposal to increase consumer awareness of the availability of whole of market comparisons? Are there better alternatives?

Question 15: Do you agree with our proposal to allow sites to compile their own supplier ratings? Are there factors other than those set out that sites should consider when formulating their ratings methodology?

Question 16: Do you think there is benefit in exploring further the criteria for filtering or categorising green and environmental tariffs on comparison sites? Do you have suggestions for the best way to define these criteria?

Question 17: What timeframe would you propose for implementing our proposals in relation to site transparency?

4.1. We consider that sites should be transparent in the services, information and advice they provide, so that consumers can be confident that sites are acting in an unbiased way and that they are not being misled.

4.2. Current Code requirements ensure that sites are held to a higher standard than their peers as they make a whole of market comparison available. Regardless of whether they have a commission arrangement with all suppliers or not they must take steps to include all tariffs and suppliers on their sites.

4.3. Despite difficulties that can arise accessing tariff data, sites in general perform well in providing a whole of market tariff comparison. We think the availability of a whole of market comparison is of great benefit to consumers, and want sites to be transparent when communicating its availability to them.

4.4. Sites should also be transparent when providing non-price information to consumers, such as supplier ratings and information about the environmental benefits of 'green' tariffs.

Results table filters and defaults

Proposal: We propose to strengthen requirements to ensure consumers can quickly and easily compare the whole market, and are aware that they can do so.

4.5. Currently the Code allows sites to configure their results page to display, as a default, only those tariffs that a consumer can switch to through their site. They can do this provided there is a clear statement explaining that only this subset of tariffs is shown on the results table, and that a whole of market view is available.

4.6. Some external stakeholders have suggested that consumers can't easily access comparisons of the entire market through comparison sites. Our own monitoring and auditing has shown that sites interpret existing Code requirements differently, and the way that some explain default results and filters could be improved.

4.7. Sites meet the existing requirements in a number of ways. Some display a whole of market view as a default, 'greying out' those results a consumer can't switch to through the site. Others default to show only those tariffs a consumer can switch to through the site, ie those from suppliers with whom the site has a commission agreement. The statement for the latter can vary in how informative it is. In some cases a consumer may not immediately be aware that a whole of market comparison is available. We do not think this is in the spirit of current Code requirements.

4.8. We recognise that sites accredited under the Code often operate under a commission-based model, whereby they obtain a fee from suppliers for each customer that switches to them through their site. Making sites display a whole of market comparison as a default would remove incentives for suppliers to offer commission to sites.

4.9. So although we consider that a whole of market comparison should be available to consumers, to require this as a default could potentially undermine sites' ability to continue operating. Nevertheless, we want to make sure that consumers are aware that they can access a whole of market comparison.

4.10. We consider that sites should make consumers aware that a whole of market view is available to them. We propose to allow sites to continue to display only those tariffs to which a consumer can switch through their site as a default. However, we propose to strengthen existing requirements to ensure that this messaging is prominent and informative. The message should be clear and transparent, so that consumers understand the choice available to them.

4.11. We do not propose to place any limits on additional filters on results that sites consider suitable, as long as these filters are opt-in only, and the impact of selecting a given filter is clearly explained to the consumer.

Question 14: Do you agree with our proposal to increase consumer awareness of the availability of whole of market comparisons? Are there better alternatives?

Supplier ratings

Proposal: Sites should provide a clear explanation of their methodology for supplier ratings, should they choose to produce them.

4.12. Currently sites are able to develop their own supplier ratings methodology and present this on their site, once this methodology has been signed off by Ofgem. Ratings such as these can be an engaging way of presenting a range of information to consumers, both price and non-price related, in a simple and easy to understand way.

4.13. We think it's important that consumers understand how supplier ratings have been produced, and that sites use these appropriately. We do not want to restrict sites' ability to innovate in the ratings they provide, particularly as they may have direct access to consumer views through, for instance, complaints they have received about suppliers or their own primary consumer research. Indeed, we would hope this would continue.

4.14. We propose that sites should be able to present supplier ratings if they want to, as long as they clearly explain how the ratings have been compiled in conjunction with this.

4.15. To make sure we can assess if the ratings are impartial, we want sites to tell us how they compile the ratings when these are first displayed or updated on their site. In developing the methodology, sites should consider:

- Offering comprehensive and consistent coverage of suppliers
- Impartiality and robustness of data used
- How regularly the data is updated and ratings refreshed
- Clarity and transparency of any explanatory messages.

4.16. We do not propose to require sites to provide supplier ratings. Sites may choose to differentiate the type and format of information they provide to consumers. However, the Citizens Advice Service is currently reviewing its supplier ratings and we are exploring if and how we would be involved in producing these. This is currently work in progress. Sites may in future be able to use these ratings if they wish.

Question 15: Do you agree with our proposal to allow sites to compile their own supplier ratings? Are there factors other than those set out that sites should consider when formulating their ratings methodology?

Green and environmental tariffs

Proposal: We will remove Code requirements relating to the Green Supply Certification Scheme.

4.17. Currently, sites that filter by green or environmental tariffs are required by the Code to do so on the basis of the Green Supply Certification Scheme. There are currently no tariffs accredited under this scheme.³⁸ So we think that the existing Code requirements are not fit for purpose and propose to remove them.

4.18. We recently issued final proposals to increase the transparency of green and environmental tariffs.³⁹ Subject to the outcome of our consultation, the proposed licence conditions would require suppliers and their representatives to describe what's actually on offer if an environmental claim is made as part of a tariff. We have not suggested what wording this statement should use, but urge suppliers to engage with sites before the requirements are implemented to ensure consumers get consistent and clear information

4.19. Although we are not proposing to include requirements about identifying green or environmental tariffs at this point, there may be merit in doing so in future. We want to get stakeholder views on whether filters are the best way to do this for consumers using comparison sites, and if so what these filters could be based on (eg fuel mix, additional environmental benefits). We also want to explore whether there may be better alternatives, such as categorisation similar to the energy efficiency ratings for household appliances.

Question 16: Do you think there is benefit in exploring further the criteria for filtering or categorising green and environmental tariffs on comparison sites? Do you have suggestions for the best way to define these criteria?

³⁸ As of 07 August 2014 there were no tariffs accredited under the Green Supply Certification Scheme.

³⁹ Ofgem, [Final proposal on improving domestic consumer protection in the green and renewable energy tariffs market](#), June 2014

5. Accuracy

Chapter Summary

Covers our proposals to make sure that consumers can be confident that the information provided to them by sites is accurate, and to reflect recent market changes made as part of the RMR.

Question 18: Do you agree with our proposal for sites to use the Personal Projection methodology when calculating the cost of a tariff?

Question 19: Do you agree with our proposal to require sites to display a Tariff Information Label for each of the tariffs on their site?

Question 20: Should we seek to ensure consistency of tariff cost results across the industry? Or should we allow room for suppliers and TPIs to differentiate by adopting their own methodologies?

Question 21: What timeframe would you propose for implementing our proposals in relation to site accuracy?

5.1. We think that any information that sites provide should be accurate so that consumers can have confidence in their decisions. Sites should have effective arrangements in place to keep this information up to date and it should be clear to consumers when the information was last updated. Where sites have used estimates or assumptions in forming their advice, they should make this clear to the consumer.

5.2. As part of the RMR reforms, we introduced tools to help consumers engage with the market, and understand and compare tariffs, such as the Personal Projection and Tariff Information Label (TIL). These tools help consumers to make a well-informed choice of tariff, based on accurate and up-to-date information:

- The Personal Projection is intended to act as a standardised methodology for suppliers and their representatives to use when presenting consumers with the costs they would pay over the next 12 months should they choose not to switch in the meantime.
- The TIL, similar to a food label, contains the key information about a tariff in a standardised format, so that it is easier for consumers to compare tariff features on a like-for-like basis. Both the TIL and the Personal Projection received broad support from stakeholders during our development of RMR policy measures.

5.3. The licence conditions requiring suppliers and their representatives to provide these bits of information apply to comparison sites in certain instances, (though this is not universally the case). We expect that these tools will be commonly used by consumers when comparing and switching tariffs. To maximise the value of both the Personal Projection and the TIL to consumers, we consider that they should be used in a wide range of circumstances in the market, not just by suppliers.

Personal Projection

Proposal: Sites should use the Personal Projection methodology when calculating the annual cost of both current and new tariffs.

5.4. RMR requirements for the Personal Projection only apply directly to sites that are a representative of a supplier. Furthermore, the requirement to use the Personal Projection methodology to calculate the costs of a tariff apply to sites only for new tariffs, and not to a consumer's current tariff.⁴⁰ Some sites have chosen to use the Personal Projection methodology in all circumstances, but others have opted to keep their previous calculation algorithms.

5.5. We think the Personal Projection can make it easier for consumers to compare tariffs by expressing prices as a single number using a methodology consistent across suppliers and sites. The figure will be presented on bills and other regular communications, and so we would expect consumers to become familiar with it.

5.6. To get the most out of this tool, it should be used in a wide range of circumstances across the industry. We therefore propose to require accredited sites to use the Personal Projection methodology to calculate the costs of a tariff in all circumstances, ie for all suppliers, and for all tariffs, both current and new.

5.7. If we implement this, we would remove some of the Code's other requirements that would no longer be necessary. These include the condition specifying that tariffs less than 12 months in duration should not be displayed.

Question 18: Do you agree with our proposal for sites to use the Personal Projection methodology when calculating the cost of a tariff?

Tariff Information Label

Proposal: Sites should include a Tariff Information Label for each tariff they display.

⁴⁰ The detailed Personal Projection methodology is set out in our definition of Estimated Annual Costs in SLC 1 of the supply licence conditions available on [our website](#).

5.8. As with the Personal Projection, the TIL requirements apply directly to sites only if they are a representative of a supplier. This could mean sites display the key bits of information about tariffs inconsistently.

5.9. For the TIL to be effective as a way for consumers to compare tariffs like-for-like, it should be included by sites in all circumstances. Before the introduction of the TIL, sites usually displayed further information about tariffs as a click-through from the results page. We do not propose a radical change from how this is currently done.

5.10. We propose that sites should include a TIL for each of the tariffs displayed on their site, both current and new ones, accessible either on or from the main results page.⁴¹

5.11. We have previously discussed with sites that by presenting the TIL, sites can fulfil certain requirements relating to the Tariff Comparison Rate (TCR). We don't want to prescribe any additional rules about the TCR, though we note that licence condition requirements still apply where sites are representatives of suppliers. As with the Personal Projection, we would like to see this tool used across the industry. We think this gives sites the scope to innovate in how they use the TCR, such as by creating 'best buy' tables, which allow consumers to compare relative tariff prices at a glance.

Question 19: Do you agree with our proposal to require sites to display a Tariff Information Label for each of the tariffs on their site?

Further work areas

Personal Projection and seasonal consumption assumptions

5.12. Some sites are concerned that it is inevitable that results will be inconsistent, because the way seasonal consumption variations are to be included in the Personal Projection is not standardised.

5.13. We consider there may be benefits in consistency of results *across* sites, as well as *within* individual sites. We know, for instance, that consumers often check more than one site when comparing tariffs, and can find it frustrating when the results are inconsistent.⁴²

⁴¹ Suppliers are required to provide a TIL for each of their tariffs on their website, and on request. This means TILs for all tariffs will be available to sites should suppliers not provide them directly.

⁴² Ipsos Mori/Ofgem, [Consumer engagement with the energy market, information needs and perception of Ofgem](#), August 2012

5.14. However, comparison sites are just one channel through which consumers engage. If we were to attempt to provide consistency of results, then there may be merit in doing so across the entire industry, including suppliers and TPIs. Equally, by requiring a consistent approach we may restrict suppliers' and sites' ability to innovate and find more accurate ways of producing consumption estimates, such as by including future weather variations.

5.15. We seek stakeholder views as to whether we should seek to ensure absolute consistency of results across all or part of the industry, or whether there should be room for suppliers and TPIs to develop their own means of incorporating seasonal consumption variations into the Personal Projection.

Question 20: Should we seek to ensure consistency of tariff cost results across the industry? Or should we allow room for suppliers and TPIs to differentiate by adopting their own methodologies?

Dual fuel customers

5.16. In developing our RMR policies, we were keen to raise consumer awareness that taking both fuels from a single supplier may not be the cheapest option in all cases. This is to enable consumers to choose the right tariff for them.

5.17. At present, accredited sites tend to display dual and single fuel options on separate tabs within the results table. In general, we think that this is clear and consumers can easily access different options and choose the right option for them. We intend to monitor developments in this area to see whether further work may be necessary.

6. Reliability

Chapter Summary

Covers our proposals to ensure that consumers can have confidence in the reliability of the service provided by sites, by introducing minimum standards against which to assess sites complaint handling performance, and requiring sites to provide clear messaging about the Warm Home Discount.

Question 22: Do you agree that we should introduce principles from the complaints handling standards into the Code? Are these the right principles to introduce?

Question 23: Do you support our proposal to introduce messaging and links to Warm Home Discount information as a requirement of the Code? Do you have specific views regarding where and how this information should be presented to consumers?

Question 24: Do you agree that we should set up a working group to discuss site accessibility guidelines?

Question 25: What timeframe would you propose for implementing our proposals in relation to site reliability?

6.1. We want to ensure that consumers have confidence that the service provided to them by sites is reliable and robust. This includes both the provision of information and having effective and efficient processes in place to provide a reliable service to consumers.

6.2. One area we want to explore further is complaints handling. The requirements in the Code are currently high level, which makes it difficult to assess whether sites are operating a suitable complaints handling procedure.

6.3. We think that a reliable service should cater for multiple different types of consumers. There is currently no reference in the Code to the Warm Home Discount (WHD). We are concerned that consumers who receive the WHD may not be aware that when they switch they may lose this benefit, as not all suppliers are part of the scheme. This may lead to vulnerable consumers making poor switching decisions.

Complaints handling

Proposal: Sites should adhere to minimum standards for their complaints handling processes.

6.4. The Code currently says that sites must establish and operate an effective consumer complaint and enquiry handling process, and sets minimum standards for response times.

6.5. We have evidence to suggest that some sites' current complaints handling may be inadequate. We are concerned that because there is limited awareness of the Code, we may not know about problems consumers are having. In addition, for the Code requirement to be useful as a way of measuring complaints handling performance, we need to introduce certain principles for sites to adhere to.

6.6. We propose to introduce these principles from the energy industry's existing Consumer Complaints Handling Standards⁴³:

- Introducing a common definition of a complaint: Where "complaint" means any expression of dissatisfaction made to an organisation, related to any one or more of its products, its services, or the manner in which it has dealt with any expression of dissatisfaction.
- Requiring sites to have a complaints handling process in place: This would include the steps in the process, response timescales, signposting of the process on their site, commitments around resourcing, handling referrals from Ofgem and plain English writing.
- Requiring sites to record complaints when they are received, when handled, and record which (if any) suppliers are involved in a complaint.
- Requiring sites to publish information on performance on a regular basis, eg category of complaint, speed of resolution.

Question 22: Do you agree that we should introduce principles from the complaints handling standards into the Code? Are these the right principles to introduce?

Consumer vulnerability

Proposal: Sites should include a warning that consumers may lose the WHD when switching suppliers, and that sites should provide links to the government's WHD eligibility webpage.

6.7. Our principal objective is to protect the interests of existing and future gas and electricity consumers. This includes having regard to the interests of vulnerable consumers. In our 2013 Vulnerability Strategy we committed to taking account of

⁴³ [The Gas and Electricity \(Consumer Complaints Handling Standards\) Regulations 2008](#)

consumer vulnerability across all of our work areas, and took a new, dynamic approach to defining vulnerability.⁴⁴

6.8. There are currently no requirements in the Code specifically aimed at assisting vulnerable consumers through the process of comparing and switching tariffs.

6.9. We think comparison sites could help by providing information directly relevant to these consumers' circumstances, for example by signposting to the Citizens Advice Service, and by following standards around site accessibility.

6.10. It would be beneficial for sites to help ensure that consumers that get the WHD are aware they may lose this benefit by switching to a supplier that's not part of the scheme. The WHD is a significant benefit, and if lost it may negate the benefits of switching.

6.11. We propose that sites should flag the potential loss of the WHD where they recommend to a consumer a supplier that is not part of the scheme. This could be presented as a warning message in conjunction with relevant tariffs on the results page, or by asking the consumer up front whether they are in receipt of the WHD. We propose that as part of this message they should include a link to an independent source of information about the suppliers involved in the WHD scheme, for example the government's WHD eligibility webpage.⁴⁵

Question 23: Do you support our proposal to introduce messaging and links to Warm Home Discount information as a requirement of the Code? Do you have specific views regarding where and how this information should be presented to consumers?

Further work areas

Site accessibility

6.12. The World Wide Web Consortium (W3C) is an international community that develops open standards to promote the long-term growth of the web. W3C has a technical standard which provides guidelines for measuring sites' accessibility. Sites who comply with these guidelines are: perceivable, operable, understandable and robust.

6.13. We are not proposing that the Code should encompass these guidelines, but consider there may be merit in exploring whether some should be adopted. We are considering setting up a working group to discuss these guidelines with sites later this year, and seek stakeholder views on whether they agree this would be sensible.

⁴⁴ Ofgem, [Consumer vulnerability strategy](#), July 2013

⁴⁵ [Warm Home Discount scheme: Eligibility](#)

Question 24: Do you agree that we should set up a working group to discuss site accessibility guidelines?

Unresolved complaints and disputes

6.14. We have discussed with sites whether it would be appropriate to have in place a scheme to which unresolved complaints and disputes could be sent for resolution. Such a scheme would operate as an ombudsman, so that consumers with an unresolved dispute could be confident that their complaint would be independently assessed.

6.15. Sites see this as unnecessary in the near term. They consider the majority of complaints they receive are about the switching process, and are suppliers' responsibility. We do not propose to introduce a scheme now, but we will investigate the benefits and costs of a dispute resolution scheme further in future once we have greater transparency around existing complaints data.

7. Code scope and administration

Chapter Summary

Covers our proposals to allow a wider range of sites to become accredited, to align the Code administration processes with best practice, and to make sure that the audit of sites is self-funding.

Question 26: Do you agree with our proposals to allow a broader range of comparison sites to become accredited under the Code?

Question 27: What challenges and benefits do you envisage if we were to expand the Code to cover mobile apps? And follow-up prompt services?

Question 28: Do you have suggestions as to how best to increase awareness of the Code among consumers?

Question 29: Do you agree that we should appoint a single auditor and pass through the costs to sites? Are there better alternatives for achieving this?

Question 30: Do you agree with the proposed changes to the Code audit, enforcement and compliance, and change processes?

7.1. There are currently 11 sites accredited under the Code. This is only a small proportion of the price comparison sites in the market. The current Code requirements for how sites manage their own tariff database and price calculator prevent the majority from seeking accreditation. These sites may take data feeds from, or subcontract site management to, currently accredited sites.

7.2. Administering the Code currently requires a significant amount of resource. In particular, the annual audit can be lengthy, and the costs of it are being borne temporarily by Ofgem. This won't be sustainable if we proceed with broadening the types of site that can become accredited. We want to make the auditing of the Code self-funding, as it was previously under Consumer Focus.

7.3. We also want to align existing Code processes with best practice, such as those relating to auditing, enforcement and compliance, as well as the process of changing the Code. More clarity around these processes will benefit both sites and us.

Expanding the scope of the Code

Proposal: To widen access to accreditation by removing requirement three from the Code.

7.4. Some sites have indicated strong interest in seeking accreditation. But they have not done so because they are concerned about the administrative burden of meeting the conditions specified in requirement three of the Code. This requires sites to manage and control their own website, and use their own tariff database and calculator.

7.5. Many comparison sites manage much of their own content but use the database and calculator of another provider. Others have all of their content managed and integrated with the service of another provider. Both are efficient and effective ways of getting the necessary data to provide a robust comparison to consumers.

7.6. In a 2011 consultation, Consumer Focus asked whether to stop requiring sites to manage their own tariff database and calculator, in order to widen access to accreditation to more sites.⁴⁶ Responses were mixed, with some stakeholders concerned that removing this requirement would lead to a slip in the standards expected of accredited sites. Others supported the proposed amendment, suggesting that widening the net of accreditation may create a more level playing field among TPIs. After considering respondents' views, Consumer Focus opted not to amend the Code at that time.

7.7. In principle, we consider that consumers mainly want to have confidence in the accuracy of the results presented to them, rather than where the results have come from or the source of the database and calculation. Recent discussions with sites indicate that this view is commonly held. However, if we were to remove requirement three, there are a number of issues that we would need to resolve. The first relates to the audit requirements in the case of sites who source some or all of their database and calculator from another provider (the 'source' site). The second relates to who bears ultimate responsibility for ensuring compliance with Code requirements.

Audit requirements

7.8. If requirement three of the Code was removed then sites which use data from a source site, one either currently accredited under the Code or another data provider, could seek accreditation. Where they use elements of an accredited sites' service, this could lead to duplication of audit checks.

7.9. We propose that each site applying for accreditation will be subject to the same set of initial questions. This will include questions about the arrangements sites have to provide or receive elements of their service from providers other than themselves. The responses to these initial questions will determine the types of checks necessary and evidence they need to provide to obtain accreditation.

46

7.10. Where, for example, a site uses the database and calculator of another currently accredited site, it may be sufficient to use the evidence from the calculator checks from the source site to avoid duplicating previous checks. Other sites may, however, have the ability to manipulate their own data. In these cases the checks would still be required.

7.11. We propose that the quarterly and annual audits could be similarly targeted, ensuring all Code requirements are considered at some point throughout the year and using evidence from the source sites where appropriate. Should there be inconsistencies between the tariff results (or where relevant the content) of a site and their source site, this would be picked up through our regular monitoring. This would mean that the audit could be streamlined while ensuring the high standards expected of sites carrying the Code logo are maintained.

Responsibility for compliance

7.12. In addition to changing audit arrangements, there is also potential to change the Code requirements to give the accredited source site the responsibility for ensuring compliance of sites it provides part of its service to. This is similar to the arrangements covering white label energy providers, where the licensed energy supplier is ultimately responsible for ensuring any subsidiary businesses that supply under their licence comply with the licence requirements.

7.13. Adopting the same approach for the Code would mean that the source site would bear ultimate responsibility for ensuring any other accredited service to whom they provide data is compliant with the terms of the Code. This may be beneficial administratively, as it puts a greater share of the burden of compliance checks on the source site, which may otherwise risk losing its accreditation.

7.14. There are, however, key differences between comparison sites and suppliers in the white label relationship. Importantly, a white label provider does not hold a licence itself. In the case of comparison sites, every site would be seeking accreditation in its own right.

7.15. So we consider it should be the responsibility of each individual site to ensure it complies with Code requirements, regardless of where the data is sourced from, or who the site is managed by. One benefit of this may be that pressure is put on source sites to ensure that the data they provide to other sites is of a high standard, or they will risk sites withdrawing from any data purchasing agreements with them.

Question 26: Do you agree with our proposals to allow a broader range of comparison sites to become accredited under the Code?

Further work areas

Follow-up prompts

7.16. We are aware that a number of sites currently offer an extension of the typical price comparison model. These typically involve a follow-up service via email flagging to consumers that there are tariffs available that fulfil the consumer's pre-defined savings threshold.

7.17. We seek views on whether these types of service should be brought within the scope of the Code, and what core requirements should apply. These could include, among others:

- Providing a Personal Projection and TIL alongside the updated savings message
- Criteria for the minimum number of results that must be displayed
- Criteria for determining which results should appear (eg price, customer service).

Mobile devices and apps

7.18. We anticipate that if we proceed with the changes related to requirement three, it may allow mobile price comparison apps to become accredited. However, this may only happen if these apps operate in a similar way to typical desktop comparison sites.

7.19. Although we would hope that some would seek accreditation, we recognise that certain apps function in a significantly different way to typical comparison sites. We don't want to constrain innovation or the development of new services by putting in place rules designed around the services that currently exist. In chapter 2, we discussed strategic issues that are relevant to the operation of different TPI models. New and innovative apps will be considered as part of this wider project.

Question 27: What challenges and benefits do you envisage if we were to expand the Code to cover mobile apps? And follow-up prompt services?

Increasing consumers' awareness of the Code

7.20. In addition to widening the scope of the Code, we also want to increase consumers' awareness of it and the protections it provides. At present, consumers' awareness of the Code is low.^{47,48}

7.21. We have taken steps to improve this already through the prominent featuring of accredited sites as part of our Be an Energy Shopper campaign.⁴⁹ However, we want to do more to increase the visibility of the Code, which will also add to the value of the logo and potentially encourage a greater number of sites to seek accreditation. We seek views on the best way of achieving this.

Question 28: Do you have suggestions as to how best to increase awareness of the Code among consumers?

Code administration

Audit charging

Proposal: We will appoint a single auditor to conduct both the initial audit of sites seeking to become accredited and the annual audit of all sites. The costs of the audit will be passed through to sites.

7.22. When it managed the Code, Consumer Focus contracted a single auditor and passed the costs incurred onto accredited sites and sites seeking accreditation. There were many benefits to this arrangement: it meant that assessing compliance would be consistent across sites and helped keep the administrative burden to a minimum as Consumer Focus had a single point of contact. It also meant that Consumer Focus were protected from any increase in costs resulting from a rush of accreditation requests. Accredited sites have highlighted that they value the impartiality and independence of an external annual audit.

7.23. When we took over administering the Code, we signalled that we would accept the costs of the audit in the short term. This was so we could properly consider the process for charging for the audit. We wanted to explore whether we could charge for the audit in the same way as Consumer Focus did, or whether there was a better alternative.

7.24. We indicated that this was only temporary, as we could not continue to accept the costs of the audit indefinitely. Although the costs of the audit are low at present,

⁴⁷ Ipsos Mori/Ofgem, [Consumer engagement with the energy market, information needs and perceptions of Ofgem](#), August 2012

⁴⁸ eDigital Research/Consumer Futures, Price comparison website accreditation research report, to be published later this year

⁴⁹ <http://www.goenergyshopping.co.uk/>

the number of sites would likely increase if we implemented the changes proposed above, and the costs involved would rise too. In addition, if we accepted the costs of the audit, there is a limited incentive for new sites to achieve the necessary standards first time around, so the risk of spurious applications would increase.

7.25. We propose to choose the auditor, following an open procurement process to find the organisation or individual representing the best value for money. The costs would then be passed through to sites. This means we can maintain the benefits of having a single auditor, while mitigating the risk that Ofgem has to bear costs that may rise in future. We would continue to be responsible for determining the terms of reference for the auditor.

Question 29: Do you agree that we should appoint a single auditor and pass through the costs to sites? Are there better alternatives for achieving this?

Audit process

Proposal: We will develop a robust marking system against all Code requirements to enable us to provide sites with an overall audit rating.

7.26. Sites accredited under the Code are currently subject to an annual external audit and three quarterly internal audits, as Consumer Focus did previously. Throughout the year, sites are comprehensively assessed against all Code requirements.

7.27. We think there are major benefits in continuing with this, because it means there are regular and comprehensive checks to make sure sites are meeting the Code's criteria. It also enables us to use our regular monitoring flexibly, so as to focus on certain priority areas as the need arises. We intend to keep the regularity of the audit under review, to ensure quarterly audits remain proportionate.

7.28. The audit of tariff results currently consists of a benchmarking exercise across all sites, to determine where there are outliers or where tariffs are missing. This has proved an efficient way of identifying inaccuracies that require further investigation. It is also significantly more cost-effective than an audit of the algorithms underpinning price calculations. Other Code requirements are assessed through checks on each individual site. There is currently no clear process for determining what constitutes poor performance, or the steps sites should take to rectify errors or risk losing their accreditation.

7.29. We think that there a number of improvements can be made to the audit process. For the audit of tariff results, we intend to continue with the benchmarking approach in the first instance. We will augment this with a check against independent data, namely Tariff Information Labels. This will mean that genuine inaccuracies in the information provided by sites are identified swiftly. To account for differences in results that may arise from implementing the Personal Projection methodology, we intend to require sites to send their methodology to us, such that we can check the consistency of results within each site.

7.30. We intend to develop a marking system that takes account of all Code requirements, such that an aggregated assessment of performance can be provided to each site at the end of each audit. The system is intended to act as a clear framework for assessing performance. It will still contain some flexibility to recognise external factors, such as changes to calculation algorithms or the release of a large number of new tariffs by suppliers, that can have a bearing on the accuracy of results. In these circumstances we want to retain the ability to exercise our judgement when determining necessary corrective action or escalation.

7.31. This system will enable us to communicate clearly to sites the actions required in cases of poor performance. Such steps could include actions requiring immediate correcting action to be taken by the site, repeat audits or, ultimately, removing a site's accreditation.

Enforcement and compliance

Proposal: We will change the current Code enforcement process to align it more closely with Ofgem's overall approach to enforcement.

7.32. The Code's current enforcement process enables us to conduct an investigation into whether an accredited site has breached a Code provision. Accredited sites are required to comply with the Code enforcement process as a condition of accreditation.

7.33. There are a number of stages to the current enforcement process. Ultimately, if a breach is not remedied to our satisfaction, we may withdraw the site's Code accreditation. We may also withdraw accreditation where a company has been issued with three or more breach notices within a 12 month period, where there are serious and persistent breaches of the Code or where a company is found to have breached a relevant provision of consumer protection law.

7.34. We consider the current approach to enforcement of the Code to be somewhat unwieldy and inflexible, and does not provide a clear process for escalating and resolving compliance issues.

7.35. We recognise that the Code is voluntary, and so our suggested approach would be focused on encouraging compliance through dialogue and communication with the accredited site in the first stage, requesting relevant information as necessary. We would monitor compliance on an ongoing basis and review possible non-compliance regularly.

7.36. However, we also recognise that this approach may not always be appropriate. The issues may be too serious, or interpretations of the problems may be different. So the second stage of the process would now include the potential to refer issues to our enforcement team for review in a systematic and transparent

way. In examining the issues, the enforcement team would follow its general approach, to the extent applicable.⁵⁰ The issues in any given case will range in complexity and the extent of the action required to achieve a resolution. The timescales for resolution will therefore be determined on a case-by-case basis.

7.37. We consider this will make the process more transparent for sites and their users, and help to ensure a more efficient enforcement process once issues are handed over for further investigation.⁵¹

Code change process

Proposal: We will amend the process for changing the Code to allow sites to recommend changes, and establish a regular forum to discuss potential changes and other issues.

7.38. At present our engagement with sites has been quite ad hoc, with workshops convened largely to discuss changes as a result of the RMR remedies, or potential topics for this Code review. Discussions so far have shown there is appetite for more regular meetings between accredited sites and Ofgem (and potentially other stakeholders) to discuss new and emerging market issues.

7.39. In addition, the process for changing the Code does not provide scope for accredited sites to propose amendments. This may mean that issues common to all sites are not identified at an early stage so that they can be resolved promptly.

7.40. We propose to establish a regular forum, comprising of representatives from Ofgem and individuals from accredited sites. The board will meet approximately every quarter, and will act as a forum for sites to bring forward new issues, developments or concerns that may be of relevance to all sites.

7.41. The intention is, in part, that the forum provides a regular opportunity for sites to bring issues or development areas to our attention. These may include issues that require a steer to ensure a consistent approach is taken by all sites, or issues where wider market changes have raised questions about the applicability or relevance of existing Code requirements.

7.42. Sites will be able to submit issues for discussion by the board in advance, along with accompanying evidence. This will mean that we can proactively identify where guidance, or Code changes, may be beneficial. Our intention is to help ensure that issues are raised and resolved as swiftly as possible.

⁵⁰ Our current policies and procedures for enforcement are set out in our [Enforcement Guidelines on Complaints and Investigations](#), June 2012. Our Enforcement Guidelines are currently under review and a new version is scheduled to be published shortly – [Consultation on Ofgem's Draft Enforcement Guidelines](#), May 2014.

⁵¹ For clarity, we are not proposing any changes to consumer protection legislation. Our proposals are aimed at making our enforcement process more transparent and efficient.

Question 30: Do you agree with the proposed changes to the Code audit, enforcement and compliance, and change processes?

8. Next steps

8.1. Building on responses to previous consultations, stakeholder engagement, and research, we have set out in this document our objectives and priorities for our TPI work going forward.

8.2. We have also proposed changes to the Confidence Code designed to make sure it fits with the principles of good intermediation we have identified – namely independence, transparency, accuracy and reliability.

8.3. This consultation is an opportunity for stakeholders to contribute their views on both our proposed approach to TPis across the market and our more specific proposals for the Confidence Code. We will continue to engage with stakeholders during the course of the consultation, and will develop a draft of the proposed new Confidence Code and share this with stakeholders for comment.

8.4. We will continue to prioritise facilitating face-to-face services, considering further the best way of enabling TPis to support harder-to-reach groups. We will also focus on understanding any problems with information flows between market participants that may act as a barrier to TPI development. We intend to hold a workshop in the autumn to discuss our priority areas in further detail. Our intention is to publish our way forward on these areas early next year. We will also look to improve our understanding of the sector, engaging stakeholders to collect additional information, and conducting further consumer research.

8.5. On the Confidence Code, we intend to convene workshops in the autumn to discuss our proposals, and to share the draft Code for comment. We intend to issue our decision and way forward before the end of the year, with a view to implementing the new Code early next year.

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Consultation response and questions	47
2	Glossary	51
3	Feedback questionnaire	54

Appendix 1 - Consultation Response and Questions

1.1. We would like to hear the views of interested parties in relation to any of the issues set out in this document. In particular, we would like to hear from comparison sites and new service providers.

1.2. We would especially welcome responses to the specific questions which we have set out at the beginning of each chapter heading and which are replicated below.

1.3. Responses should be received by 02 October 2014 and should be sent to:

Barry Coughlan
Domestic Retail Market Policy
Ofgem
9 Millbank
London
SW1P 3GE

020 7901 7000

thirdpartyintermediaries@ofgem.gov.uk

1.4. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website www.ofgem.gov.uk. Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.5. Respondents who wish to have their responses remain confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. It would be helpful if responses could be submitted both electronically and in writing. Respondents are asked to put any confidential material in the appendices to their responses.

Next steps

- We will hold a range of follow-up workshops open to all interested parties during the consultation.
- We will develop a draft of the proposed new Confidence Code and accreditation agreements, and share these with stakeholders for comment and feedback.
- After we have considered responses to this consultation, and the outputs of the workshops, we will look to issue our decision and way forward in December.

1.6. Direct any initial questions to Barry Coughlan at the contact details above.

CHAPTER 2

Question 1: Do you agree with our summary of the current domestic TPI landscape? In the light of recent developments in TPI services, are there other important factors we should be taking into account?

Question 2: Does the definition exclude services you would expect to be covered? If so, how might it be adjusted to accommodate them?

Question 3: Would this definition include services you would not expect in light of our TPI vision? Why do you think these services should be excluded?

Question 4: Do you agree that domestic intermediaries should provide an independent, transparent, accurate and reliable service to their customers?

Question 5: Are you aware of potential challenges for particular types of TPI models in embedding any of the principles? How might these challenges be addressed?

Question 6: We have identified information exchange and face-to-face services as priority areas for our consideration. Are there other areas you think we should be focusing on in the near future?

Question 7: Are you aware of barriers to effective information exchange between suppliers and TPIs which impact on services to consumers? If so, how might these barriers be addressed?

Question 8: What further steps do you think we should take to facilitate face-to-face services, particularly to support engagement with more vulnerable or harder-to-reach consumer groups?

CHAPTER 3

Question 9: What are your views on our proposal to increase the transparency of sites' commission arrangements with suppliers and the impact this has on the results a consumer will see?

Question 10: Do you agree that sites should direct consumers to the sources of independent advice identified? Are there other sources you would suggest?

Question 11: Do current requirements (within the Code or more widely) or supplier practices put unnecessary restrictions on sites' business models? If so, what changes could be made to allow greater flexibility?

Question 12: Should there be a central repository of information for prepayment customers? Who should fill this role? And in what way could sites facilitate the provision of this information to consumers?

Question 13: What timeframe would you propose for implementing our proposals in relation to site independence?

CHAPTER 4

Question 14: Do you agree with our proposal to increase consumer awareness of the availability of whole of market comparisons? Are there better alternatives?

Question 15: Do you agree with our proposal to allow sites to compile their own supplier ratings? Are there factors other than those set out that sites should consider when formulating their ratings methodology?

Question 16: Do you think there is benefit in exploring further the criteria for filtering or categorising green and environmental tariffs on comparison sites? Do you have suggestions for the best way to define these criteria?

Question 17: What timeframe would you propose for implementing our proposals in relation to site transparency?

CHAPTER 5

Question 18: Do you agree with our proposal for sites to use the Personal Projection methodology when calculating the cost of a tariff?

Question 19: Do you agree with our proposal to require sites to display a Tariff Information Label for each of the tariffs on their site?

Question 20: Should we seek to ensure consistency of tariff cost results across the industry? Or should we allow room for suppliers and TPis to differentiate by adopting their own methodologies?

Question 21: What timeframe would you propose for implementing our proposals in relation to site accuracy?

CHAPTER 6

Question 22: Do you agree that we should introduce principles from the complaints handling standards into the Code? Are these the right principles to introduce?

Question 23: Do you support our proposal to introduce messaging and links to Warm Home Discount information as a requirement of the Code? Do you have specific views regarding where and how this information should be presented to consumers?

Question 24: Do you agree that we should set up a working group to discuss site accessibility guidelines?

Question 25: What timeframe would you propose for implementing our proposals in relation to site reliability?

CHAPTER 7

Question 26: Do you agree with our proposals to allow a broader range of comparison sites to become accredited under the Code?

Question 27: What challenges and benefits do you envisage if we were to expand the Code to cover mobile apps? And follow-up prompt services?

Question 28: Do you have suggestions as to how best to increase awareness of the Code among consumers?

Question 29: Do you agree that we should appoint a single auditor and pass through the costs to sites? Are there better alternatives for achieving this?

Question 30: Do you agree with the proposed changes to the Code audit, enforcement and compliance, and change processes?

Appendix 2 - Glossary

A

Authority

The Gas and Electricity Markets Authority

C

Collective switching

Where consumers group together in a process typically facilitated by an independent organisation, which negotiates with multiple suppliers to secure a deal on the consumers' energy supply.

Community energy

Community energy covers aspects of collective action to reduce, purchase, manage and generate energy.

Consumer Complaints Handling Procedure

The Gas and Electricity (Consumer Complaints Handling Standards) Regulation 2008. These are standards introduced by Ofgem for energy suppliers which outline requirements related to the recording of, and dealing with, consumer complaints.

D

Domestic consumer

A consumer that uses energy for non-commercial purposes.

Domestic energy market

Market which primarily services domestic household consumers.

E

Energy efficiency

A system for reducing energy use for a household or business.

Energy Savings Trust

A social enterprise which offers impartial advice to communities and households on how to, among other things, reduce their carbon emissions and save money on their energy bills.

Energy Company Obligation (ECO)

An energy efficiency programme introduced in 2013 which places legal obligations on larger suppliers to deliver energy efficiency measures to certain domestic energy users.

G

[Green Supply Certification Scheme](#)

An independent scheme that verifies claims made by energy suppliers in relation to their green energy tariffs. To be verified, the tariff must meet key principles set out by Ofgem and deliver real and measurable environmental difference.

I

[Intermediary](#)

An organisation that intermediates between an organisation and a consumer.

P

[Personal Projection](#)

The Personal Projection sets out the costs you are likely to pay over the next 12 months should you choose not to switch in the meantime. It is based on your actual consumption, or, where this is unavailable, a best estimate of your consumption. Your Personal Projection for your current tariff will be shown as an annual cost in pounds on your energy bill and other regular communications.

[Price comparison site](#)

A website that provides its users with the ability to compare (and possibly switch) their energy supply contract.

R

[Retail Market Review \(RMR\)](#)

Ofgem launched the Retail Market Review in 2010. As a result of this we introduced a range of reforms aimed at making the retail market simpler, clearer and fairer for consumers.

S

[Standard Licence Conditions \(SLCs\)](#)

The legally binding conditions that licensed gas and electricity suppliers must meet to supply to domestic and non-domestic consumers, in accordance with the Gas Act (1986) and Electricity Act (1989).

T

[Tariff](#)

The charges for supply of electricity/gas, combined with all other terms and conditions that apply, or are in any way linked, to a particular type of contract for the supply of electricity/gas to a consumer.

Tariff Comparison Rate (TCR)

A single, comparable figure that takes into account any standing charges and unit rates of a particular tariff. It operates in a similar way to the annual percentage rate (APR) of financial products such as credit cards.

Tariff Information Label (TIL)

The Tariff Information Label is similar to a food label. It contains key facts about an energy tariff. Every tariff will have a label, which suppliers will provide on their website, or on request.

W

Warm Home Discount (WHD)

A scheme introduced by government in 2011 and administered by energy suppliers that provides rebates on the electricity bill of certain households.

Appendix 3 - Feedback Questionnaire

1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. In any case, we would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process that was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the report?
3. Was the report easy to read and understand, could it have been better written?
4. To what extent did the report's conclusions provide a balanced view?
5. To what extent did the report make reasoned recommendations for improvement?
6. Do you have any further comments?

1.2. Please send your comments to:

Andrew MacFaul
Consultation Co-ordinator
Ofgem
9 Millbank
London
SW1P 3GE
andrew.macfaul@ofgem.gov.uk