

White Label Providers Stakeholder Event

These minutes summarise discussions at the White Label Stakeholder Event on the 11 July 2014

From:
To:
Date:

Ofgem
Interested parties
12 August 2014

1. Purpose of the event and relevant material

1.1. The purpose of this event was for Ofgem to present initial proposals on the regulatory framework for white labels and to obtain early feedback from stakeholders, ahead of a consultation in early September 2014. The list of attendees is in the annex.

1.2. These minutes should be read in conjunction with the stakeholder event slides.

2. Context Setting

2.1. Neil and Adhir covered slides 1 to 4, which outline that we are developing a regulatory framework for white labels in the domestic energy market. Neil explained that our aim is to facilitate competition and promote consumer choice through innovative business models, while providing appropriate consumer protection, including ensuring consistency with the RMR rules.

2.2. One stakeholder asked whether Ofgem is proposing an enduring regulatory framework. Adhir noted that Ofgem does not propose to set a sunset clause on the proposed rules, but is currently minded to review the rules by 2017 along with the rest of the Retail Market Review (RMR) package.

3. Current assessment of white labels

3.1. Jessica covered slides 6 to 9, which summarise the responses to the call for evidence. Jessica noted that, on the basis of the evidence gathered, we consider it is in consumers' interests to accommodate white labels in the regulatory framework, while retaining the RMR aims of a simpler, clearer and fairer market.

4. Proposals on the regulatory framework

4.1. Ruben covered slides 11 to 13, which begin by setting out the RMR rules that would impact white labels at the end of the temporary provisions, and then set out initial proposals and the reasons behind them. Ruben noted that the proposals aim to allow white labels to develop their business proposition, while keeping customers informed of the cheapest tariffs.

4.2. There was general agreement that the relationship between partner suppliers and white labels needs to be transparent. It was noted that there is already a requirement to be clear about who the partner supplier is early on in the sales process.

4.3. Discussions about the proposals were mostly on the proposal to have a Cheapest Tariff Message (CTM) that includes information about the cheapest overall tariff of the partner supplier and the white label.

4.4. One attendee expressed a concern that the joint CTM might be confused with market cheapest deal information. Another attendee noted that this would depend on the wording that the white label and the partner supplier use.

4.5. Another attendee raised a concern that suppliers might react to the proposal by having fewer white labels or not allowing white labels to have cheaper tariffs, as this could result in the partner supplier losing customers to the white label.

4.6. There was a question about how the proposal would apply to suppliers with more than one white label. Specifically, the question was whether one white label would have to show cheaper tariffs of other white labels. Ruben noted that the team was currently considering this, acknowledging that there may often be no direct relationship between white labels of the same partner supplier.

4.7. An attendee noted that some suppliers currently waive their termination fee when a customer switches to another tariff with the same supplier. The attendee queried whether this would happen when a customer chose to switch from partner supplier to white label after receiving the joint CTM. Ofgem noted that it was at suppliers' discretion to waive the termination fee. Ofgem added that in the case of switches from partner supplier to white label, this would depend on their commercial arrangements, regardless of whether the switch was triggered by the joint CTM or other reasons.

5. Proposals on transparency

5.1. Ruben covered slides 16 to 17, which set out proposals to provide transparency on the value of white labels. Ruben noted that we think that consumers are best placed to assess whether a white label tariff delivers value, provided they have all relevant information. He discussed an initial proposal on an annual report that sets out the value of white labels.

5.2. There was a question as to whether customer numbers would be required on any report. Ofgem noted that this was not the intention, those numbers may be asked for separately. We also noted that we are considering whether a second version of the report covering confidential aspects should be provided to Ofgem.

5.3. One attendee asked what confidential information would need to be included in any proposed report. Ofgem noted that we expected partner suppliers and white labels to consider this in the light of where they think that white labels add value. Having said that, Ofgem noted it would consider further the best way to achieve transparency in this respect.

6. Implementation timeline

6.1. Ruben covered slide 19, which outline Ofgem's provisional timeline, noting that we aim to publish a consultation at the end of August 2014.

6.2. An attendee sought clarification on how the extension of the temporary provisions could be achieved faster than the enduring regulatory framework. Ruben noted that the temporary provisions for white labels contain a clause that allows Ofgem to issue a Direction extending them. One attendee said it would be good to have temporary provisions extended as soon as possible to provide regulatory certainty.

6.3. A key point of discussion was suppliers' implementation timescales. Neil and Adhir invited suppliers to submit information to Ofgem on anticipated timescales for system changes and when suppliers would be in a position to begin making these changes.

7. Summary and next steps

7.1. Ofgem noted that there seemed to be broad support for the proposals, and the team would now work on the details of the points raised.

7.2. With regard to the timeline, Ofgem noted that we would consider a derogation, akin to the temporary provisions for those suppliers seeking to establish a white label before the enduring regime is in place.

7.3. Further to the Call for Evidence published in March 2014, Ofgem aims to formally consult on these proposals at the end of August 2014. In the meantime, stakeholders are invited to contact the white labels team should they wish to submit any relevant information, including with respect to any of the proposals outlined at the stakeholder event.

8. AOB

8.1. At the end of the session there were a couple of questions about 'Licence Lite'. Ofgem gave an overview of what it is and what its next steps are. We noted that the white labels team works closely with the Licence Lite team and would pass onto that team any queries on Licence Lite that were sent to them.

Annex - attendees

Thomas Lowe	British Gas	Justin James	Sainsbury's
Gillian Cooper	Citizens Advice	HarenThillainathan	Scottish Power
Graeme MacLachlan	Citizens Advice	Louise Murphy	SSE
Tim Hammond	Corona Energy	Ian Flynn	SSE
Patrick Whitehead	DECC	Neil Barnes	Ofgem
Jill Laurie	E.ON	Adhir Ramdarshan	Ofgem
Phil Levermore	Ebico	Ruben Pastor-Vicedo	Ofgem
Melanie Durston	Ecotricity	Jessica Buik	Ofgem
Paul Delamare	EDF Energy	Nikita Bhangu	Ofgem
Alun Rees	EnergyUK	Jonathon Lines	Ofgem
Jonathon Hazeldine	Marks & Spencer	Kevin Baillie	Ofgem
Archana Senger	Npower	Andrew Breeze	Ofgem
Jacqui Fellows	Opus		