

Small Suppliers Event – 25th June 2014

Summary of key messages from session on ‘Future Engagement with Smaller Suppliers’

Engagement with smaller suppliers is a key area of focus for Ofgem this year. This is consistent with proposals set out within our Simplification Plan¹, and commitments recently published in the Government and Ofgem Action Plan: Challenger Businesses (Independent Energy Suppliers)².

This workshop was an initial step to exploring how we might improve our engagement with smaller/independent³ suppliers to:

- **Help suppliers to understand** the regulatory framework and raise standards of industry compliance
- **Help us to understand** the views of smaller suppliers in order to inform policy development and considerations on the state of the market

Since our event we have been considering next steps in response to feedback from delegates at the group session. These have been summarised into three areas: consultations; website; future engagement. We have set out the issues raised, the approach suggested by delegates at the session and any related actions we have committed to internally, or within the joint Action Plan² with DECC.

1. Consultations

Issue	Delegate Suggestion(s)
Small suppliers have difficulty in engaging in the detail of proposals. This risks leading to solutions suited to the ‘Big 6’.	Build in ‘checkpoints’ for engaging with smaller suppliers that are in addition to discussions with the ‘Big 6’.
Due to time constraints it is not always possible to respond to consultations in writing.	Should be able to respond in a variety of ways, eg by phone call. Improve the accessibility of the forward look of upcoming consultations on Ofgem’s website ⁴ .
Too many consultations (from Ofgem and DECC) - especially when they come out at the same time. Small suppliers do not have the resources to deal with these and respond effectively.	More co-ordination between DECC and Ofgem on the forward plan for consultations.
Timescales for responses for consultations are often too short, especially where evidence is required.	Make sure timescales are adequate.

Consultations - update

We have already committed to establishing regular joint DECC/Ofgem forums to flag upcoming policy work and consultations which will give independent energy suppliers the opportunity to discuss issues of concern and input, at an early stage of policy development. We will also continue to look at the way we engage with independent suppliers as part of our ongoing work in this area.

¹Simplification Plan 2014-15, p6-7

²Government and Ofgem Action Plan: Challenger Businesses (Independent Energy Suppliers)

<https://www.gov.uk/government/publications/government-and-ofgem-action-plan-challenger-businesses-independent-energy-suppliers>

³Small/independent suppliers is used interchangeably and should be taken to mean all suppliers apart from the ‘Big 6’.

⁴This can be done by clicking on the ‘Consultations’ header at the top of the home page and ‘filter by’.

2. Website

Issue	Delegate Suggestion(s)
Website is not user friendly and it is often difficult to find documents. When conducting searches on a topic – it lists publications in order of relevance rather than date, therefore the publication you are searching for could be more than three pages on.	Improve navigation on website to make it easier to find publications. Ofgem – it is already possible to search by date. In 'Latest Publications', use left hand bar to filter by 'Date'.
Daily bulletin is extremely useful.	Ensure all relevant publications are included on this.
There is too much information and it is difficult to navigate. Licence conditions need to be more transparent and easier to understand.	The website should contain a library of all regulatory requirements and their genesis. Eg hyperlinks to consultations in relevant sections would lead to policy intent and codes, etc. Guidance covering the entire supply licence would be helpful. It wouldn't have to be formal (ie the licence still takes precedence), but just to give an idea of what a licence condition is looking for, in plain English.

Website - update

We are currently considering ways in which information on our website could be displayed more clearly, this includes the licence conditions.

3. Future Engagement

Issue	Delegate Suggestion(s)
The Independent Supplier Forum was useful as it considered strategic and forward looking issues, a route to escalate concerns and involved senior level participation from Ofgem.	Re-establish the forum.
It would be better use of suppliers' time if forums and workshops were better targeted to the audience. Topics should be clearly communicated in advance, to allow most appropriate staff to attend. Also include current 'hot topics' from both Ofgem/ DECC and suppliers, on the agenda.	Forums could be split appropriately, eg domestic/ non-domestic and new entrants/ established suppliers. A clearly communicated forward timetable of meetings and relevant topics with the target audience would be helpful.
Suppliers cannot always take time out of the office to attend meetings with Ofgem in London. This is due to limitations on budgets and resource.	Variety of mediums helpful due to lack of supplier resources: telephone conference; video conference; regional visits; podcasts, etc.
Difficulties experienced in routing queries to Ofgem, where the policy contact is not known or suppliers have a more general enquiry (not policy-specific).	A lead contact or a list of policy experts/ contacts would be useful to enable suppliers to route queries. The engagement model adopted by Elexon is helpful. This is where a relationship manager is responsible for a number of suppliers. This model also allows the relationship manager to get to know the suppliers' business.
There is not enough interaction with Ofgem – "a need to remove the 'faceless' element".	More regular meetings including site visits from Ofgem staff. An agenda could be agreed in advance so that the most appropriate staff attend the meeting.
Too many meetings with DECC and Ofgem on the same or similar topics.	More joined-up work generally with DECC.
More practical information to help achieve compliance with regulation and new policy.	Sharing different approaches and 'best practice'.
How can a small supplier have an 'open and frank' discussion without fear of enforcement action?	No delegate suggestion. Ofgem – see update below.

Future Engagement - update

We have appointed a senior champion for small suppliers, Adam Cooper. One element of this role will be to help ensure our engagement with small suppliers is joined-up with DECC, where possible. We are further considering a more tailored approach to engagement with independent suppliers and will propose further plans in the autumn.

Policy leads and their contact details are identified on relevant policy publications on our website. Additionally, we will actively consider ways in which we can assist suppliers to identify the most appropriate contact or policy lead, to facilitate discussion on genuine points of compliance, especially in cases where there is not a clear policy lead.

Our open letter on 'Regulatory Compliance'⁵ clarifies our role in relation to compliance discussions with licensees⁶ and outlines the type of circumstances where this is appropriate. For example, in compliance discussions where issues of non-compliance arise, cases may be best dealt with through working with the licensee to resolve the issue. However, where such an issue meets our enforcement prioritisation criteria, cases will be referred to enforcement on this basis. These guidelines are currently set out within our 'Draft Enforcement Guidelines'⁶.

⁵p5. Open Letter on Regulatory Compliance – March 2014

<https://www.ofgem.gov.uk/ofgem-publications/86894/openletteronregulatorycompliance28march2014.pdf>

⁶p6 Draft Enforcement Guidelines – March 2014

<https://www.ofgem.gov.uk/ofgem-publications/86887/draftenforcementguidelines28march2014.pdf>