

Small Suppliers Industry Workshop

25th June 2014

ofgem

Welcome and Introduction

**Neil Barnes - Associate Partner
Retail Markets**

Workshop - Purpose and Objectives

Provide a forum for engagement with smaller suppliers

- Aim to provide information on more complex areas of regulation, or areas where we have identified high levels of non-compliance (such as complaints handling)
- Aim to provide information on new areas of policy development and to obtain views and feedback to shape future policy
- Aim to seek feedback on our future approach to engagement with small suppliers

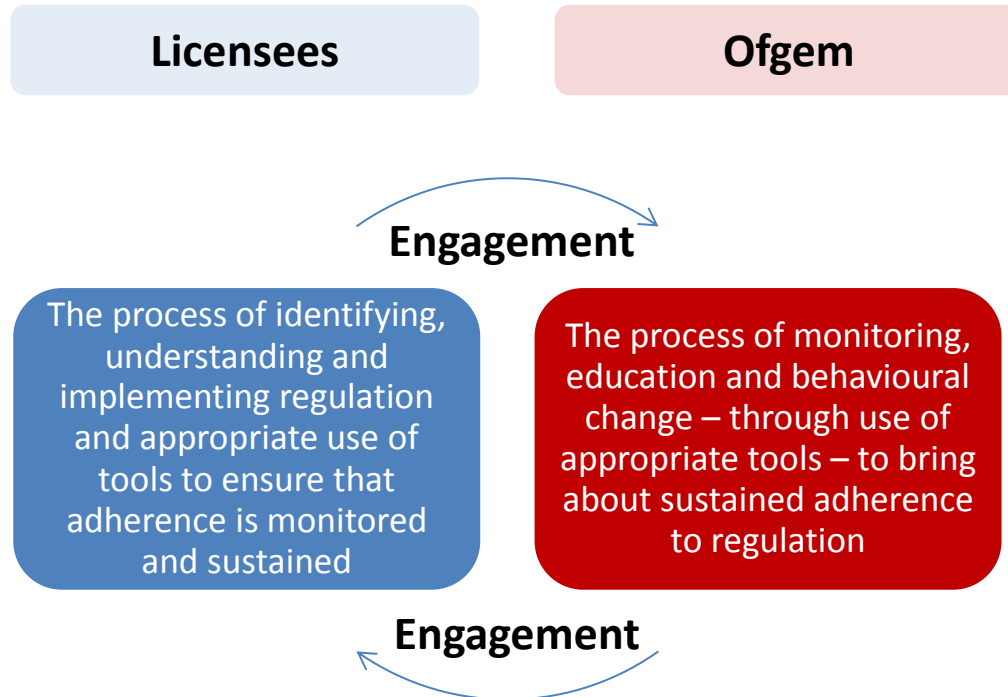
		Topic	Speaker	Timing	Start time
	Registration from 10.30 – Teas and Coffees				
1	Introduction	Introductions and welcome	Neil Barnes	5 mins	11.00
2	Regulatory Compliance	Achieving and maintaining regulatory compliance	Sarah Harrison	10 mins (incl Q's)	11.05
3	Complaints Handling Standards and Obligations	An overview of regulatory requirements	Marcus Clements	20 mins	11.15
		The role of Citizens Advice Service	Gillian Cooper/ Monica Davidson	15 mins	11.35
		The role of Ombudsman Services	Sue Jackson/ Dave Jones	15 mins	11.50
		Questions	All	15mins	12.05
	Break for Lunch (40 mins) 12.20 – 13.00				
4	Looking Forward – Future Developments	Retail Market Review (RMR) and compliance	Jemma Baker	45 mins (incl Q's)	13.00
		Derogations in the context of the RMR – routes for innovation	Adhir Ramdarshan / Jibirila Leinyuy	45 mins (incl Q's)	13.45
		Smart Meter Rollout	Colin Down	15 mins incl Q's)	14.30
		Teas and Coffees (2.45 – 3.00)			
		Future engagement with smaller suppliers & Group feedback	Adhir Ramdarshan	60 mins	15.00
		Wrap up	Neil Barnes	5 mins	16.00

Achieving and Maintaining Regulatory Compliance

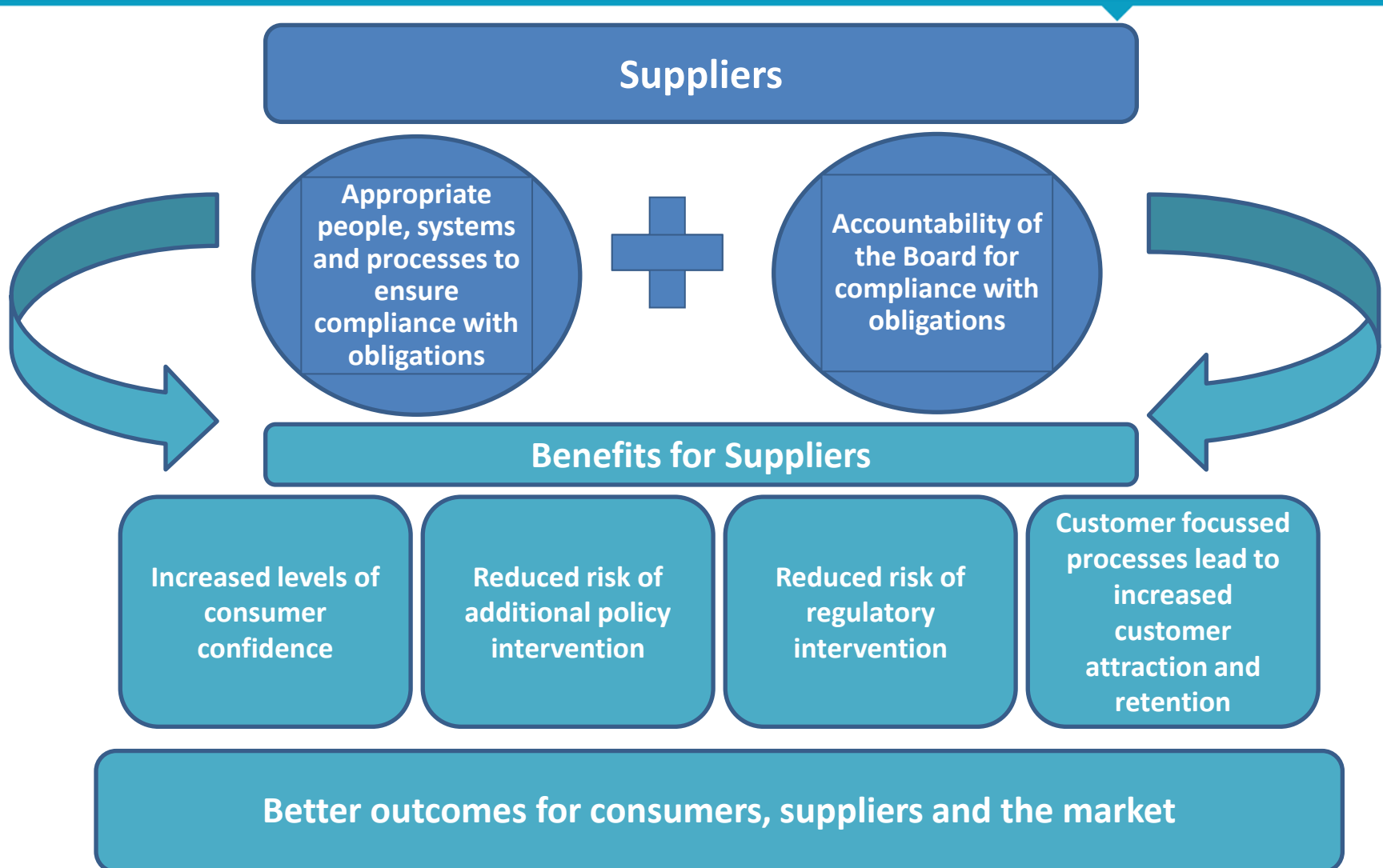
**Sarah Harrison - Senior Partner
Sustainable Development**

1. What does Compliance mean for smaller suppliers?

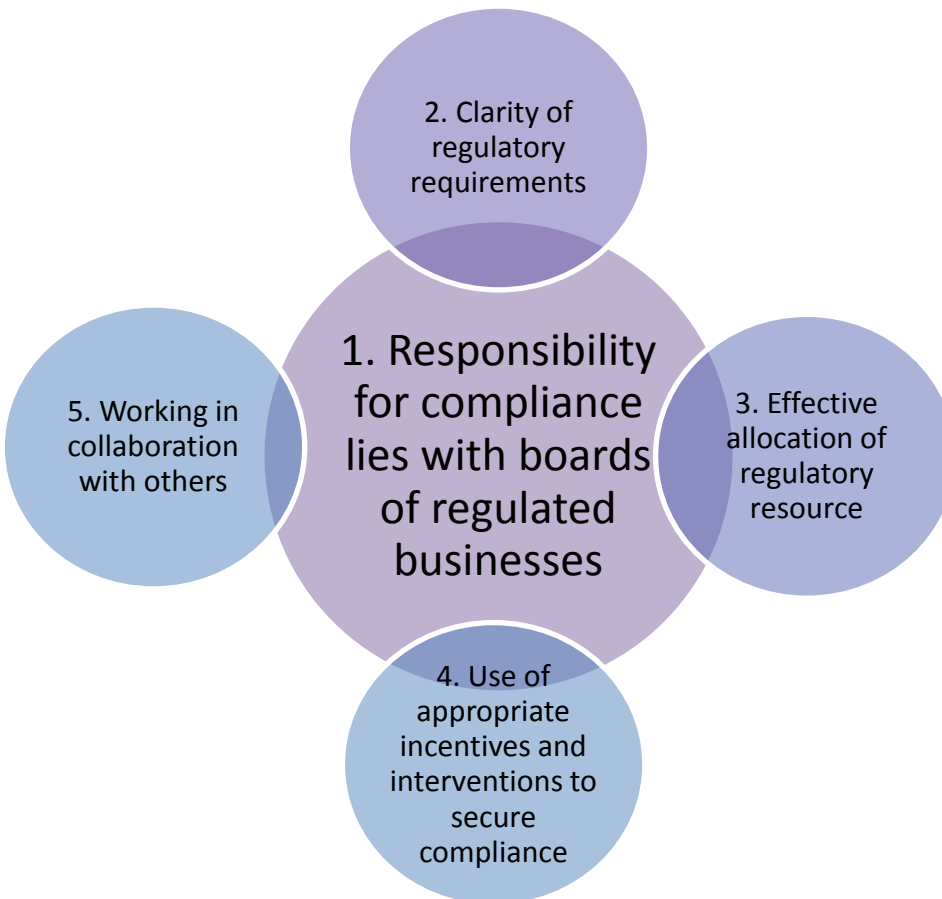
What is Compliance?



2. The importance of compliance



5 High Level Principles

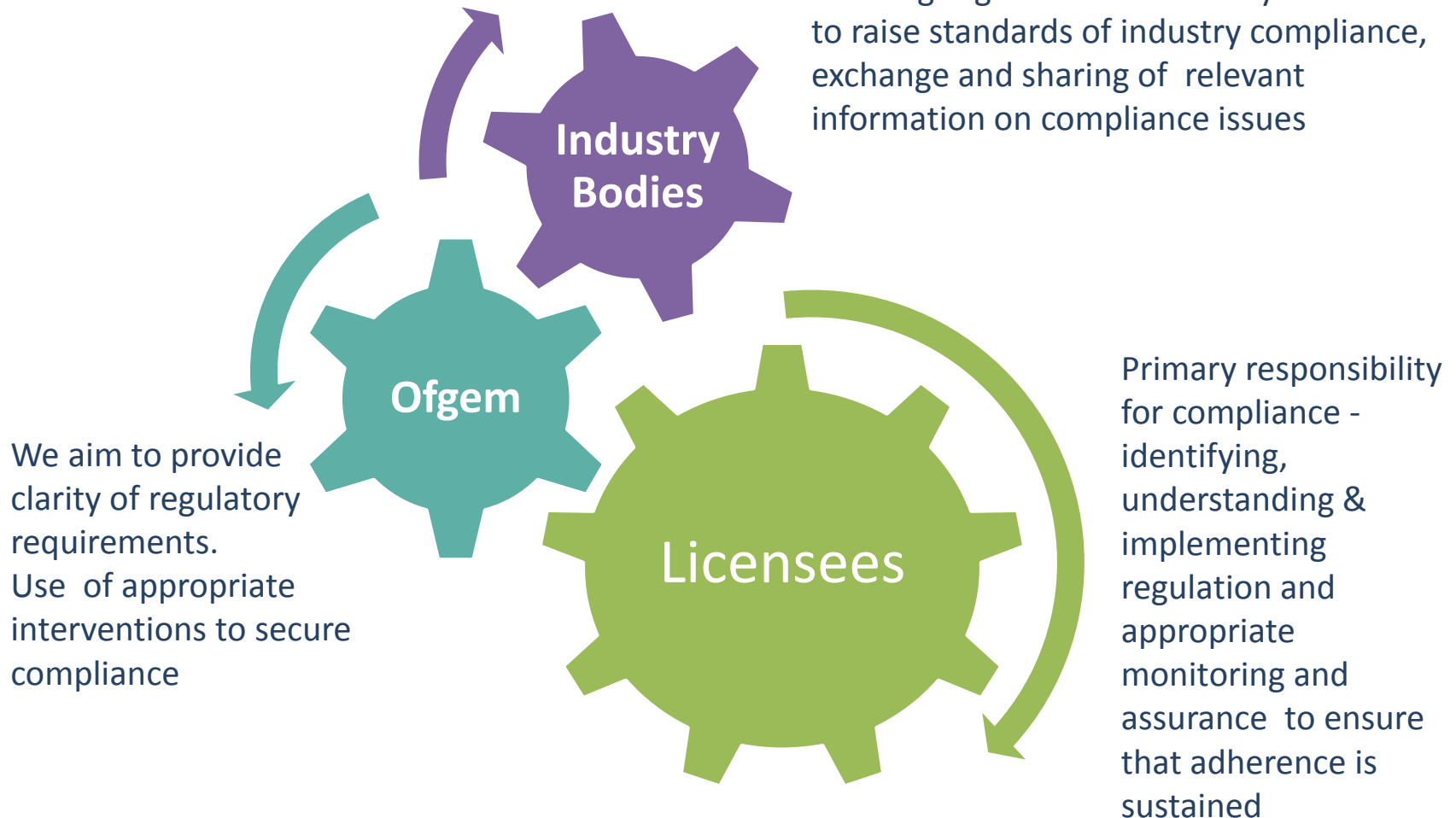


Open Letter on Regulatory Compliance – To provide transparency on our approach to licensees and industry stakeholders

- Initial communication to industry – March 2014
- Open Letter sets out 5 High Level Principles which set out our approach and expectations from licensed entities
- Not a formal consultation but invited feedback from licensees and stakeholders
- Range of responses from licensees, consumer and trade bodies
- Next steps - We will continue to engage with stakeholders on compliance and we actively consider what we need to do to support this

4. Ofgem's Approach to compliance

Working together with industry stakeholders to raise standards of industry compliance, exchange and sharing of relevant information on compliance issues



Complaints Handling Standards and Obligations

An Overview of Regulatory Requirements

Marcus Clements – Head of Consumer Affairs

- Background to setting CHS
- CHS – regulation by regulation
- Publication of complaints data
- Customer satisfaction research

- CEAR Act 2007
- Approach to setting standards
- Consumer research
- Supplier visits
- Consultation

- Published 01/07/08
- Effective 01/10/08
- Suppliers / Networks
- Domestic / Micro Business

4. Definition of a Complaint

- Clear common definition is essential
- BSI – recognised standard
- ‘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 such expression of dissatisfaction, where a response is either provided by or on behalf of that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter’
- Broad, drive improvement
- Products/services: ✓ billing - x tie

- Regulation 3 – must have a procedure & comply with it
- Detailed requirements
 - Complaints in writing & orally
 - Investigation & timescales
 - Internal review
 - Independent help
 - Right to refer to Ombudsman
 - Supplier remedies

6. Recording on Receipt and Thereafter

- Consistency of practice
- Clock ticking for redress
- Prevents customer having to repeat information
- Analysis

6. Recording on Receipt and Thereafter (Ctnd)

- Regulation 4
 - Date/how/who/account details
 - Summary of the complaint
 - Summary of advice or action agreed
 - Agreed method for future comms
 - If resolved, the basis for this -
 - resolved to the satisfaction of the consumer
 - Further contact -
 - record if the complaint cannot be found
 - Re-open if previously treated as a resolved complaint

- Regulation 5
- Not resolved at day +1
 - Record steps taken
 - Date (if) resolved
 - Date (if) informed of OS:E rights

- Regulation 6
- Requires key information in writing
 - Rights to refer
 - Free, independent, types of redress, binding
 - Eight weeks or deadlock
- Research
 - Why consumers don't go to OS:E
 - Guidance on supplier comms

- Regulation 7
- Receive, handle & process complaints
- Timely & efficient manner
- Allocate & maintain resources to enable this

- Regulation 8 – CitA (EHU) referrals
 - Agree arrangements for vulnerable customer referrals
 - Recognises key role EHU plays
 - Recognises resource & flexibility issues for smaller suppliers
- Regulation 9 – CAcs referrals
 - Discuss & put in place arrangements
 - Recognises role CAcs role
 - Area for future work

- Regulation 10
 - Procedure has to be on the website
 - Clear & prominent position
 - Unresolved at day+1
 - Direct complainant to where it is
 - Offer to provide a copy free
- Inform customers every 12 months

- Regulation 12
 - Publish annually by 31/10 (1/10-30/09)
 - Number unresolved at day+1
 - How to get a copy of the complaints procedure
 - How to get a copy of the complaints regulations
 - Prominent on website
 - Two clicks, common terms
 - Free on request

- Customer requirements
- Supplier responsibility, transparency
- Quarterly data
 - Total number complaints received & resolved
 - Numbers by 100,000
 - Speed – day+1 & eight weeks
 - Top five – reasons & actions

13. Customer Satisfaction

- Ofgem bi-annual survey
- Publish shortly
- Six large & four small
- Future inclusion?



The Citizens Advice Service



Our aims

- To provide the advice people need for the problems they face.
- To improve policies and practices that affect people's lives.

Our principles

The Citizens Advice Service provides free, independent and impartial advice to everyone on their rights and responsibilities. We value diversity, promote equality and challenge discrimination.

338

Citizens Advice Bureaux
members in England and Wales.

3,300

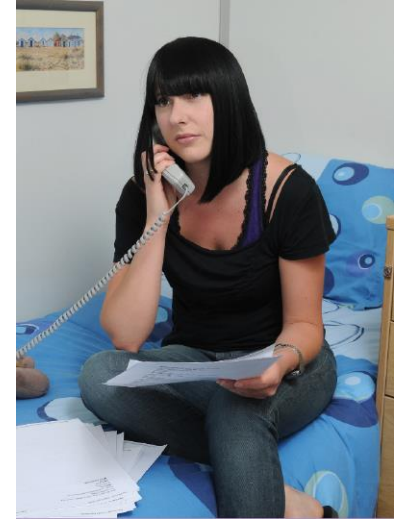
locations where the service provides
free and independent advice.

61

Citizens Advice Bureaux
members in Scotland

250

locations where the service
provides free and independent
advice.



**We're here
with advice
when someone
needs us,
whatever the
problem. In
person, online
and over the
telephone.**

Every Citizens Advice Bureau is a registered charity.

Citizens Advice is the national body for bureaux in England and Wales.

Citizens Advice Scotland is the national body for bureaux in Scotland.

Both national organisations are charities.



In April 2012 we took on responsibility for operating the **Citizens Advice consumer service** (previously known as Consumer Direct) which provides general consumer advice as well as more specialist advice for energy and postal consumers.

In April 2014 both national organisations inherited **Consumer Futures's** existing duties and powers. Staff from the **policy teams** and the **Extra Help Unit** were transferred to Citizens Advice and Citizens Advice Scotland.

For trusted information any time of day, any day of the week, visit **Adviceguide.org.uk** the self-help website from the Citizens Advice Service.

Am amazing amount of information on one website. A great self-help service.

Every one of us is a consumer. From heating your home to using a mobile phone, consumer issues are a big part of everyday life. That's why it's important that people know where to turn when things go wrong.

The **Citizens Advice consumer service** provides free, confidential and impartial advice on consumer issues.

In 2013/14 the consumer service answered **71,386** energy calls and **3,090** emails

Top 10 issues were:

- Pricing Information
- Back-Billing/Catch up Bill Received
- Company Contact Details
- Clarity of Bill
- Customer Not Responsible for Bill/Debt
- Debt Recovery Practices
- Connections/alterations of supply
- Meter accuracy
- How to change Supplier
- Meter Provision or Exchange

Visit **www.citizensadvice.org.uk/consumer_service** for more information.



Citizens Advice consumer service

Consumers can contact the helpline on weekdays from 9am to 5pm by calling:

03454 04 05 06

For the English-language line.

03454 04 05 05

For the Welsh-language line.

Textphone:

Dial 18001 followed by the Citizens Advice consumer service number
03454 04 05 06

Welsh-language textphone:

Dial 18001 followed by **03454 04 05 06**

Citizens Advice consumer service

New process coming for company referrals

- Consumer service advisers are able, under certain circumstances, to directly refer clients to energy companies' complaint handling teams
- Clients are mid call transferred (MCT) and an email of the case is sent after the call is transferred
- Companies agree to answer the phone within a set amount of time
- The current process mainly covers the "Big 6" suppliers
- Potential benefits include a better consumer experience by passing consumers straight through to the specialist teams allowing your staff to immediately start work on resolving their complaint
- We are in the process of rolling out a project to expand this process to smaller suppliers
- If you are interested in being involved please email operations@citizensadvice.org.uk



Consumer Futures: We've been on a journey

Until
September
2008



Until March
2013



Until
March
2014

**Consumer
Futures**

From
April
2014



Opportunities as part of the Citizens Advice Service

- Mutual benefits
 - Strengthening the connection with consumers, clients
 - Greater cross sector experience
 - Data, intelligence, evidence, advocacy
 - Empowering and mobilising advice
- How it will work
 - Partnership between Citizens Advice and Citizens Advice Scotland driven by the work plan

Our key statutory duties and powers

CEAR Act 2007

- **Section 8: Representative function**
- **Section 9: Research function**
- **Section 10: Information function**
- **Section 12: Power to investigate complaints made by designated vulnerable consumers**
- **Section 13: Duty to investigate complaints relating to disconnection of gas or electricity**
- **Section 14: Duty to refer matters to the Gas and Electricity Markets Authority**
- **Section 24: Provision of information (information gathering powers)**

Electricity and Gas (Internal Markets) Regulations 2011

- **Duty to produce the Consumer checklist**

Utilities Act, 2000

- **Duty to publish complaints performance**

Energy Act, 2004

- **Right to appeal eligible code modification decisions**
- **3rd package: right to appeal licence changes**

Right to appoint Panel members to most industry codes

Extra Help Unit Remit

EHU established in October 2008 to assist vulnerable domestic and small business energy and postal consumers across Great Britain.

Transferred to Citizens Advice on 1st April 2014 and managed by Citizens Advice Scotland on behalf of the Citizens Advice Service.

Statutory duties contained within the Consumer, Estate Agents and Redress Act 2007 (CEAR):

Section 13: Duty to investigate

- Disconnection/threat of disconnection, refusal to reconnect
- Failure of a prepayment meter, system or payment facility

Section 12: Power to investigate

- Complaints on behalf of vulnerable consumers

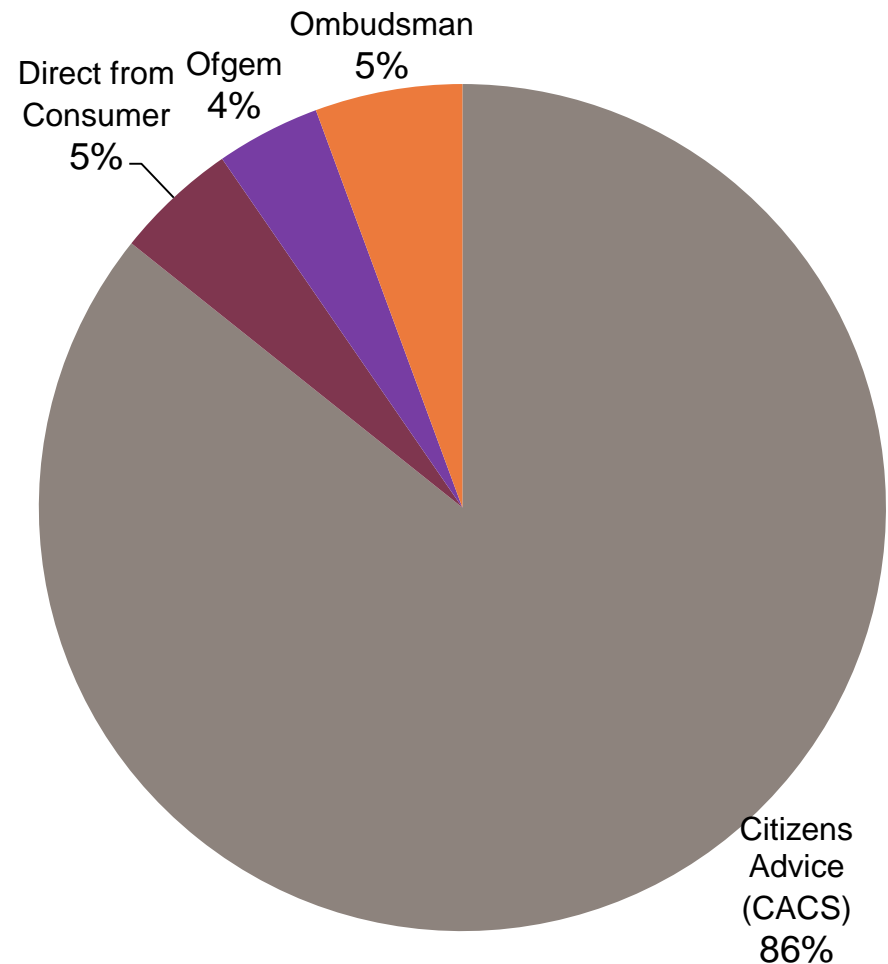
People *can* be vulnerable for any of the following reasons

- Medical - chronic illness or reliance on medical equipment
- People who may need support – some people with a mental health or communication support need, or a learning disability
- Personal reasons – life changing circumstance (divorce, bereavement, etc), drug/ alcohol problems, debt, small business in debt or facing closure, elderly, young children at property, low income

Anyone unable to cope with the complaint is vulnerable

Extra Help Unit: How we receive our work

- Referrals from Citizens Advice Consumer Service, Ofgem, EO Redress Scheme and parliamentarians
- Referral guidelines in place with above stakeholders to ensure smooth transfer
- Referrals protocols:
 - ✓ Urgent calls are Mid Call Transferred
 - ✓ Non-urgent calls are emailed to general inbox

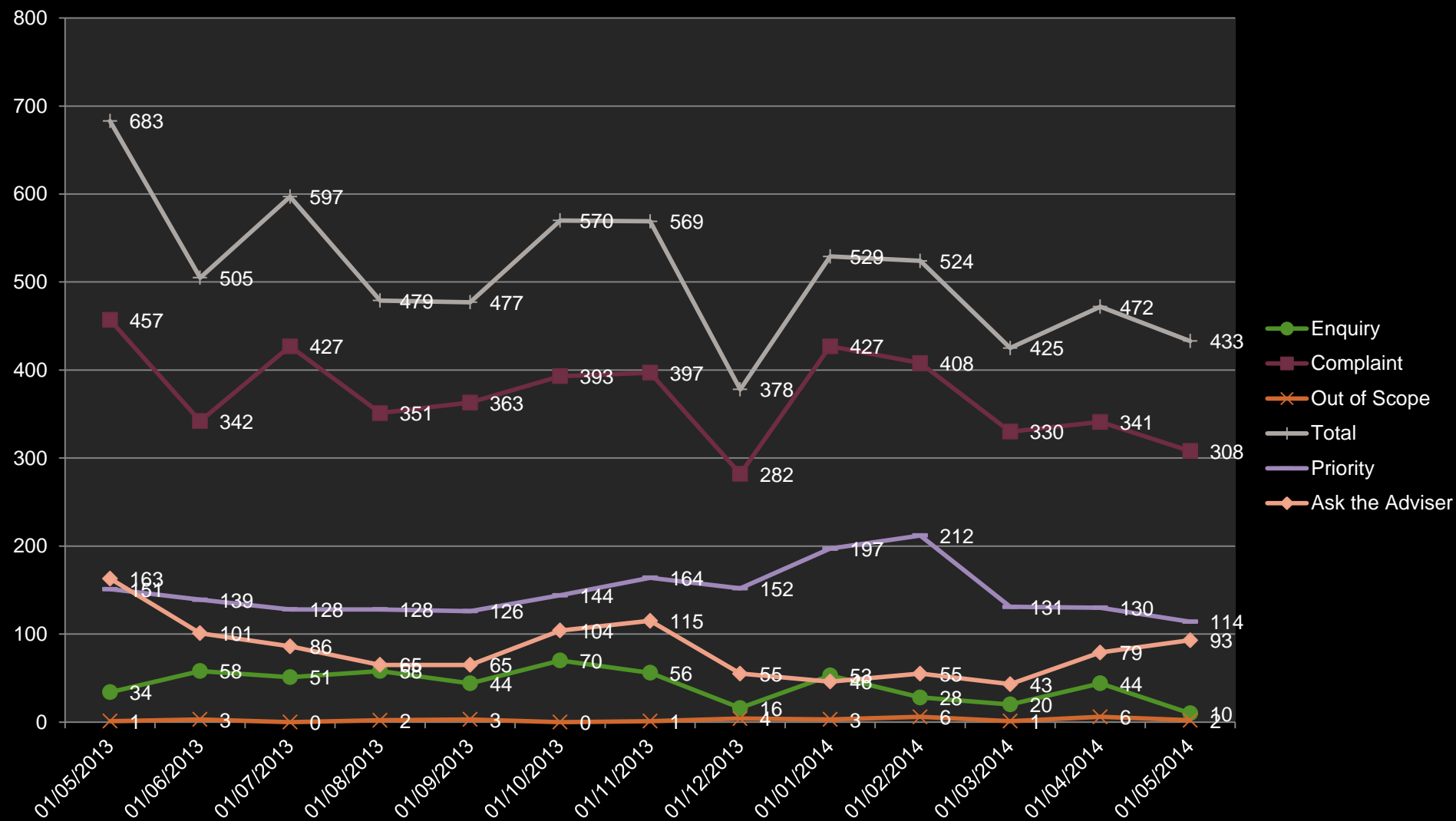


Extra Help Unit: What we do

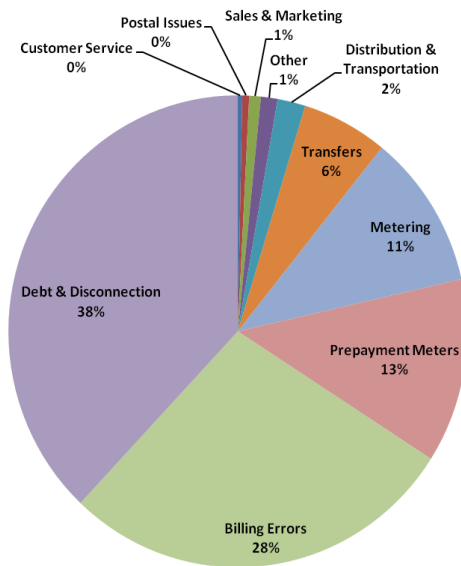
- Investigate and negotiate with suppliers until case resolved or deadlock reached.
- Ensure appropriate payment methods and payment plans are in place
- Signposting & referrals – trust funds, debt advice, food banks, energy efficiency, social services
- Policy work – carry out analysis on casework and raise any concerns initially with suppliers, energy policy team in the Consumer Futures unit and Ofgem.
- EHU supplier liaison meetings and individual meetings
- Reflect periodically on how we deal with consumers, how we communicate, utilise Samaritans training. Currently being benchmarked against the BSI on inclusive service provision.

Extra Help Unit: Case Volumes

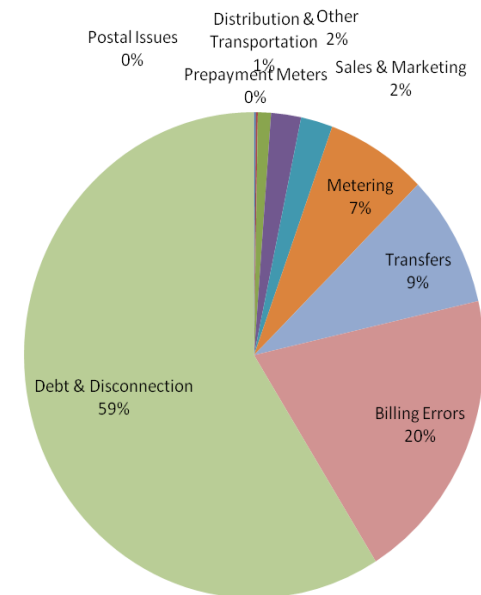
EHU Monthly Workload



Extra Help Unit: Domestic and non-domestic themes



DOMESTIC COMPLAINTS

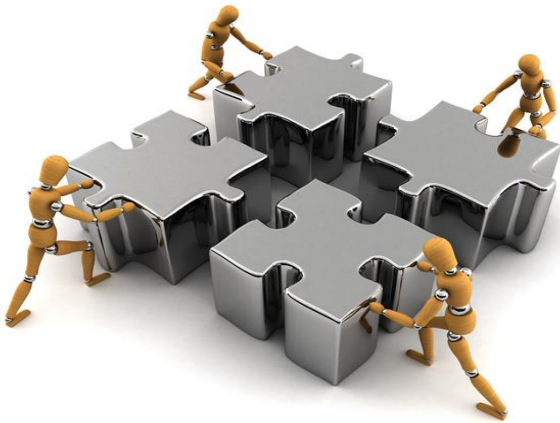


MICRO BUSINESS

- Impact of welfare reform, particularly sanctions. People struggling to afford the basics/increase in self disconnection. Caseworkers signposting to foodbanks and other financial help.
- Often people have mental health conditions and very little support. They can struggle to understand bills and can be difficult to communicate with. Some threats of suicide lead to us contacting social services/police.
- Increase in working people who don't have enough money to cover their bills. More difficult to argue their case and have suppliers consider them as vulnerable if not in receipt of benefits.

- Tend to be small shops, pubs, restaurants, hairdressers, take aways, etc.
- Can have domestic dwellings attached e.g. flat upstairs
- Some consumers don't seem to have a grasp on how much energy will cost for their business and may prioritise other things before energy
- Also many don't realise the implications of not paying and are surprised that they can be disconnected so quickly
- The impact of being disconnected or a business failing can reach into personal lives, affecting families/ children. Many customers are very demanding or distressed.

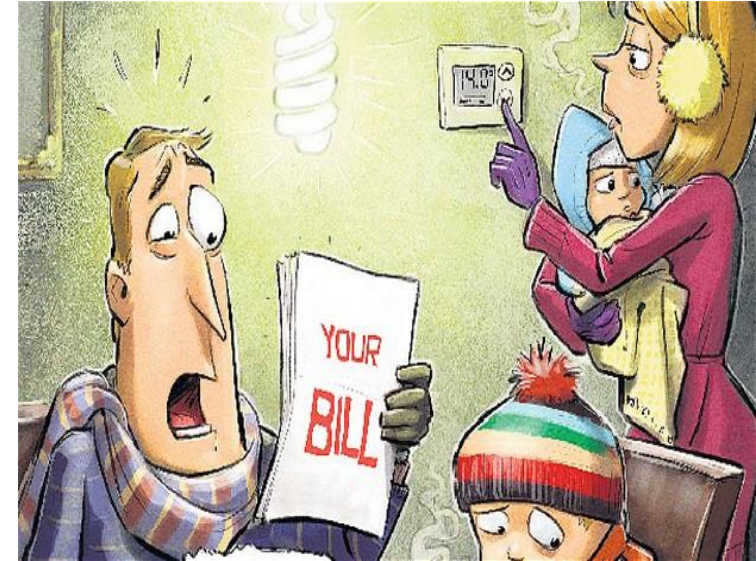
Extra Help Unit: Supplier Engagement



- During 2013-14 the EHU dealt with 45 different suppliers & held 35 meetings; including individual meetings with suppliers, Ofgem
 - Host quarterly supplier liaison meetings which are attended by a wide range of suppliers, the Citizens Advice consumer service and the Energy Ombudsman.
 - Often hold meetings jointly with a supplier and the Citizens Advice Energy Team.
 - We can provide advice on best practice across the industry and make suggestions on how to progress a complaint.
-
- When sending through a complaint the EHU represents the view of the consumer and ask questions based on the information provided by the consumer.
 - We ask for a written response to be provided within 10 working days which answers our points and can be shared with the consumer.
 - Good quality responses help resolve the complaint quickly. When the response is received we will either close the case, respond with further questions or challenge the position taken by the company.

Affordable energy, transparent markets, confident consumers

1. Open and competitive energy markets
2. Low cost, secure energy suppliers and responsive networks
3. Ambitious, targeted and resourced fuel poverty strategies
4. Policies that enable people to take control of their energy use and cut costs



Fairer and smarter retail energy markets

1. Better protection for those in most need
2. Getting smarter: advocate for and monitor key reforms within the retail market

Empowering advice, lifeline support and timely intervention

1. Strengthen the provision of information and advice to consumers
2. Monitoring, investigating and tackling consumer detriment

Energy team: Key projects in 2014-15

Our consultation on publishing small supplier performance statistics

<http://tinyurl.com/qefbfhg>

Closes: 4 July 2014

Coming soon: Consultation on publishing non domestic supplier performance statistics.

Forthcoming research and reports

ENERGY

- Getting the benefit: case for an Extra Help Scheme during the smart meter rollout
- Taking control: demand reduction and smart homes
- Position paper on demand side response
- Position paper on the smart meter roll out and benefits for non domestic consumers
- Self disconnection report and research

CROSS SECTOR

- Price Comparison Website report
- Consumers' hierarchies of priorities
- Experience of small businesses in key regulated markets
- Assessing different regulators' approaches to addressing consumer vulnerability

Energy team: Working with smaller suppliers

What we do:

- Monitor performance which includes analysis of the volumes and types of contacts made to CACS and EHU.
- Together with the EHU, we will raise any identified concerns with individual suppliers and, where appropriate, request changes to policies or processes that appear to be causing consumer detriment.
- Provide informal feedback on request.
- Formally consult with suppliers on issues that affect you such as the company performance statistics.
- Request information using our information gathering powers to help inform our policy development. It is important that the differing experiences of smaller suppliers are considered within our work.

Follow us online



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twitter.com/CitAdviceScot



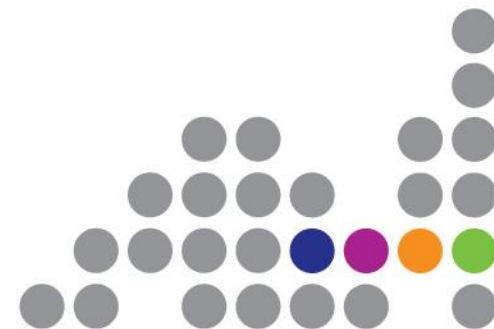
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Watch our films on YouTube
youtube.com/CitizensAdvice

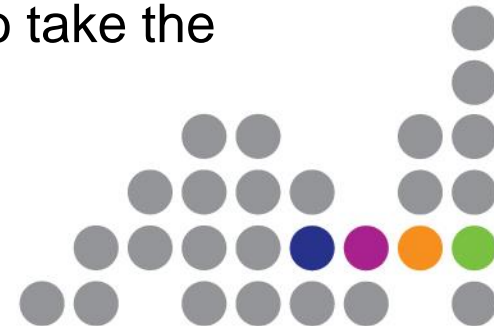
What we do and how we do it

- Sue Jackson - Relationship Manager



Attributes

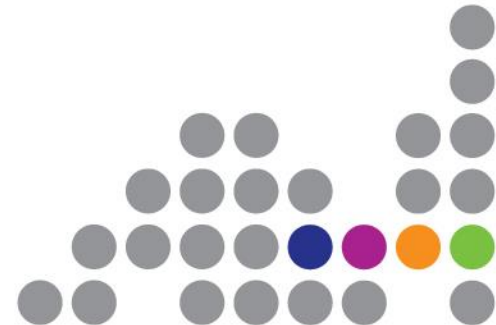
- Full members of The Ombudsman Association
- Independent, accessible, easy to use
- Free for the complainant, subscription and case fee for the participating company
- Energy ADR scheme required by Consumer and Estate Agent Redress Act 2007, approved by Ofgem
- Look at each complaint on its own merits (no precedents)
- Complaints must first be made to the company concerned
- Reasons for decisions will be given
- Redress can be recommended or required
- There is no appeal, but complainants retain the right to take the complaint to the courts



What is a complaint ?

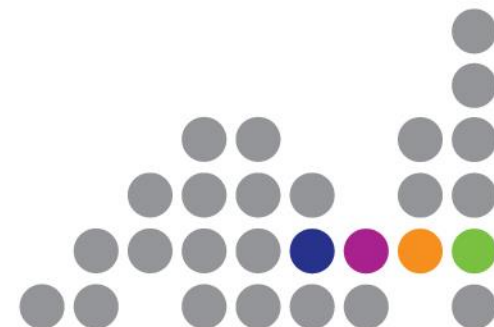
A complaint is:

‘ Any expression of dissatisfaction, whether oral or written, and whether justified or not, from or on behalf of an eligible complainant about the provision of, or failure to provide a service’



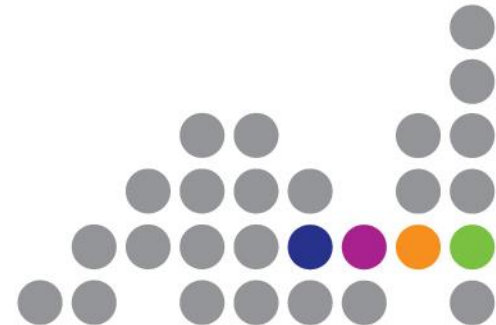
Complaint acceptance criteria

- The consumer must have made reasonable efforts to pursue the complaint; and
- eight weeks have passed without an adequate outcome; or
- a 'deadlock' letter has been received; or
- there has been sustained difficulty in registering a complaint with the company.
- The deadline for bringing a complaint to our attention is nine months from the date the company was first told about the problem.



Our approach

- Accessibility: online, telephone, email, enquiry line, different languages and formats
- Communications, newsletters, media updates
- Membership
- Shared learning and advice, extra help unit, citizens advice
- Working together , relationship manager, face to face meetings/conference calls
- Consumer and sector liaison panels
- IT system developments.
- Investors in People, staff development and training



We do not make rulings in law

- But we must have regard to:

Current regulation and law

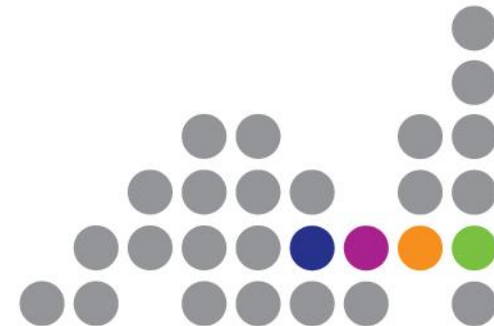
Codes of Practice

Good industry practice

Natural justice

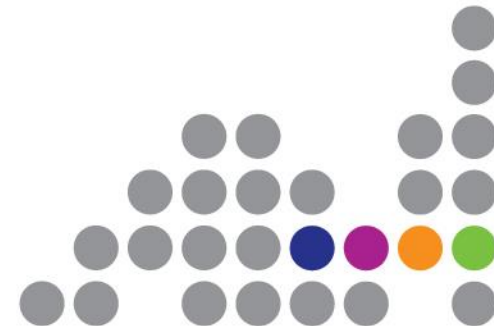
- no person can judge a case in which he or she is a party; he or she has no personal interest in the outcome and should not be biased;
- all parties have a right to be heard.

The balance of probabilities



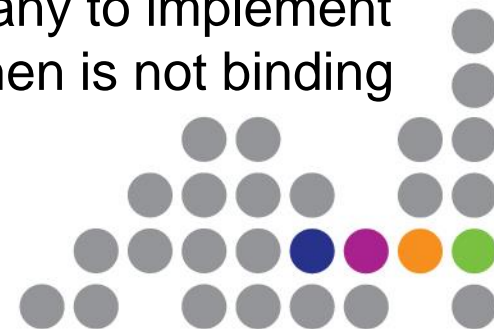
An appropriate resolution

- Complaints are resolved as quickly and easily as possible. We will decide the best way to do this.
- If the complaint appears to be straightforward, we will try to resolve it quickly by speaking to the company. (Early Resolution / Mutually Acceptable Settlement).
- For those complaints which are slightly more complex we will work with the consumer and the company to negotiate an agreed resolution. (Ombudsman Services Decision).
- If a full investigation is required, we will examine the information provided to us and produce a report that gives our view of the problem and what should be done to resolve it.



Remedies

- The ombudsman can require:
 - a service or some practical action to be provided
 - an apology or explanation,
 - a financial award
- We can award up to £10,000 including VAT
- We may recommend changes in policies and procedures
- The remedy is enforceable via the courts
- If the complainant does not respond within 28 days, the decision is not binding
- If accepted, our final decision is binding on the company to implement within 28 days. It does not have to be accepted but then is not binding





Ombudsman
Services ●●●●

Visit our website:

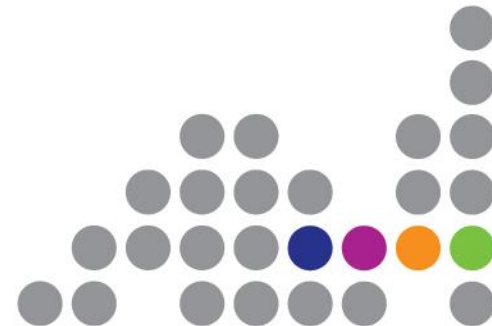
www.ombudsman-services.org

Find us on Linked In:

<http://www.linkedin.com/company/ombudsman-services>

Follow us on Twitter:

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Complaints - Questions



Retail Market Review Policies and Implementation

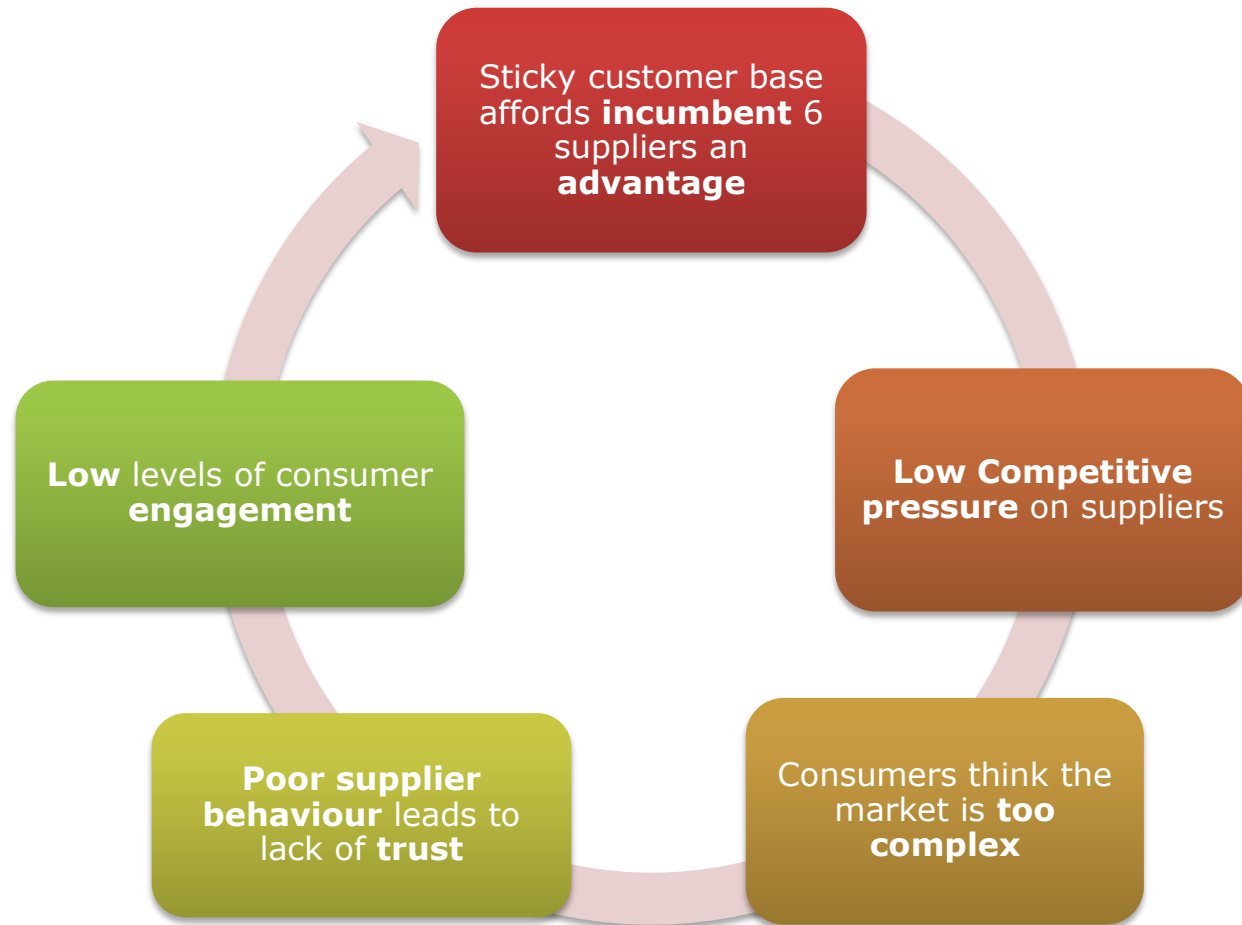
Jemma Baker – Senior Economist

Purpose

- Provide an overview of the new rules which are now effective
- Give you the opportunity to ask questions

The problem

"tariff opacity is the biggest concern in consumer protection and the biggest challenge facing the CMA. Dealing with it requires a fundamental rethinking of our understanding of competition"
John Kay, FT, 4 September 2013



Self-reinforcing cycle of weakening competitiveness

Retail Market Review

Retail Market Review launched in November 2010

Simpler Market

- Limit suppliers to four core tariffs and simpler tariff structure to avoid confusion and enable comparisons.
- Balance innovation with complexity



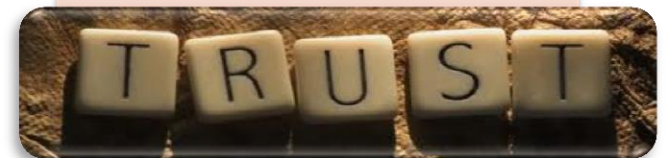
Clearer Market

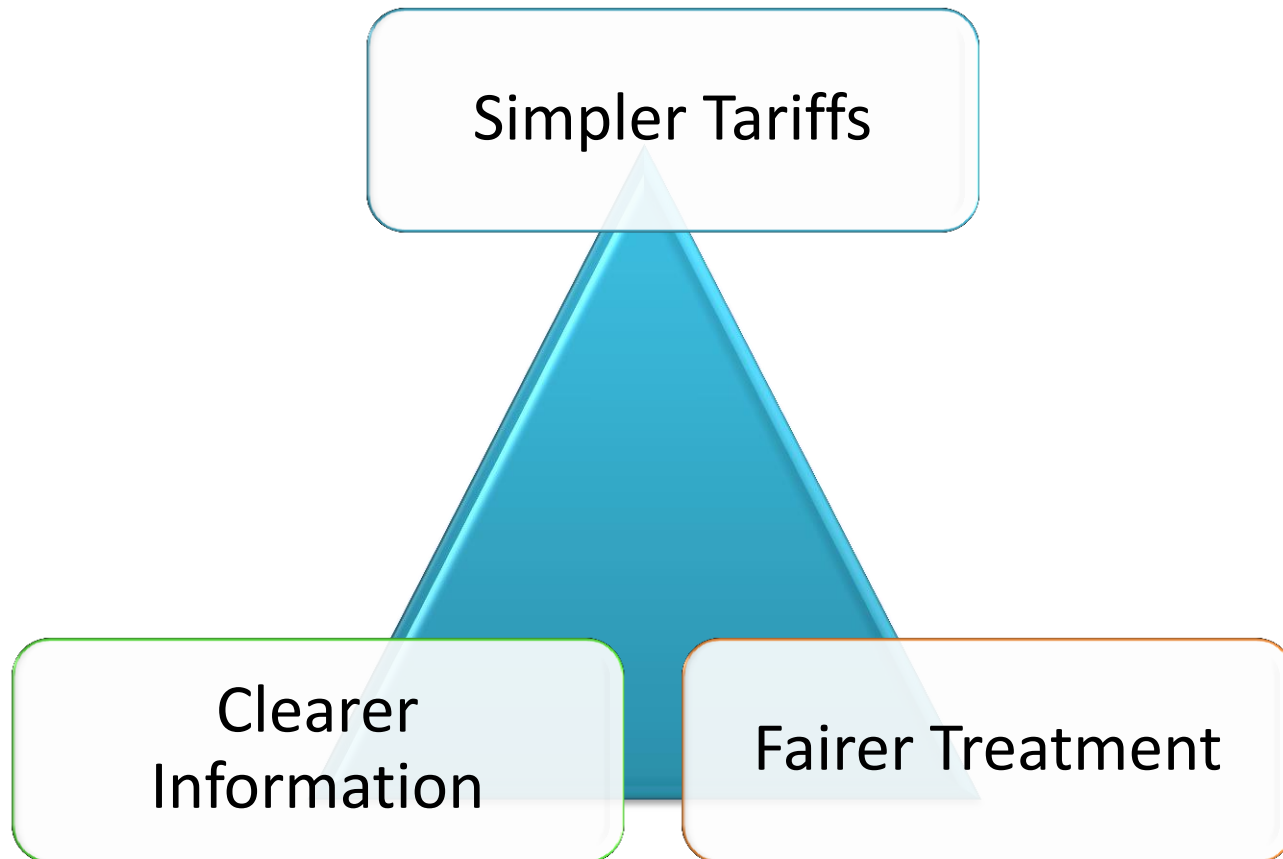
- We are introducing **new communication tools** to help consumers engage with the market. We are also making sure **existing communications** more useful and **engaging**

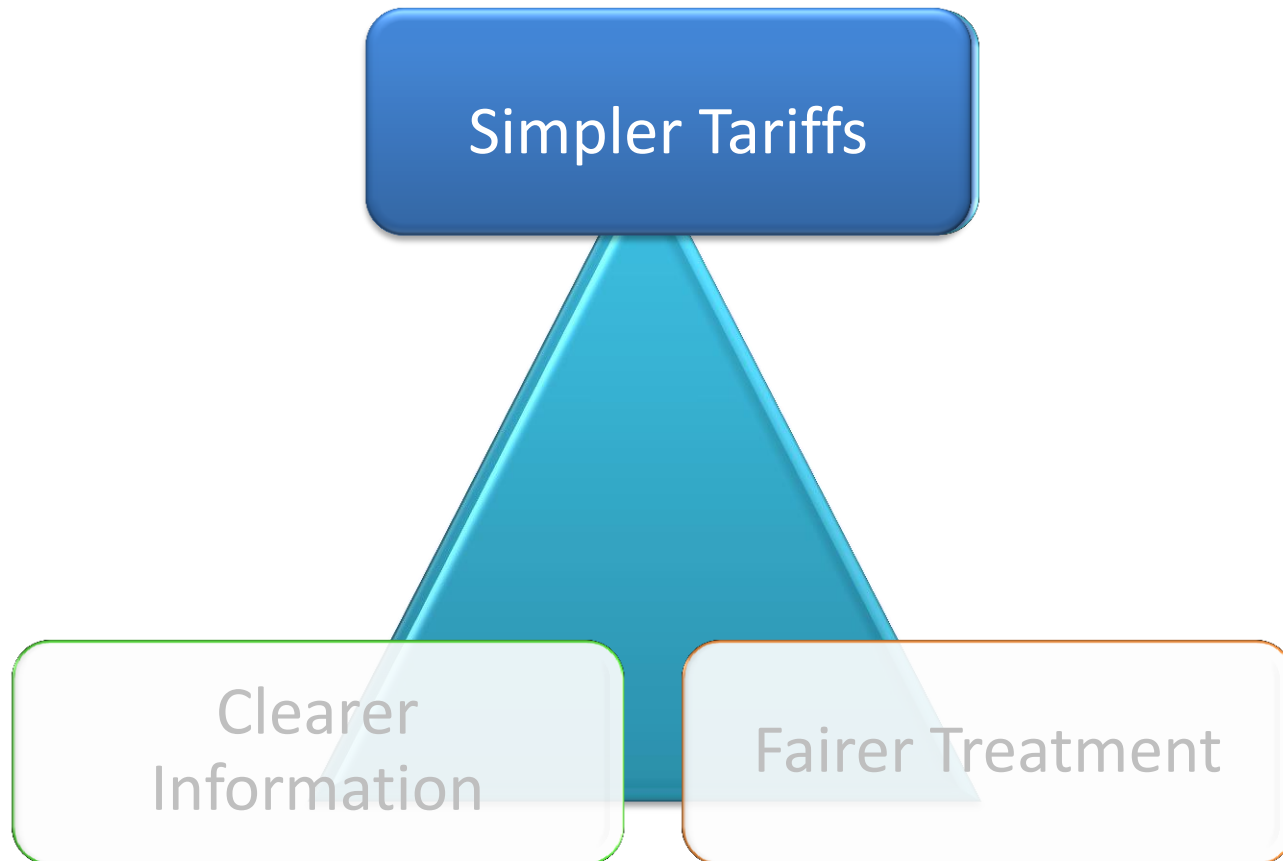


Fairer Market

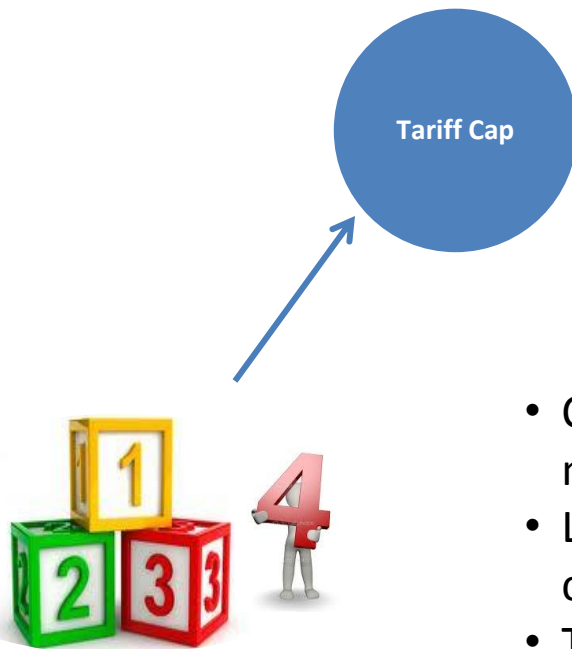
- **Standards of Conduct** requirement for improve supplier –consumer interaction and additional **consumer protection measures** for domestic and non-domestic consumers







Aim: To make the market simpler for consumers and give them the confidence to engage in the market



- Suppliers are only able to offer **4** core tariffs per category of tariff: single rate tariff, two rates/two periods, two or three rates/up to three periods, DTS, and other Time of Use
- Choice of payment method and online management
- List of allowed surcharges without increasing the cap
- Tariffs can vary by region
- Tariffs can use eligibility criteria
- **Collective switching:** Unrestricted number of tariffs as long as they comply with collective switching definition (e.g. must be fixed term)

Simpler Tariffs

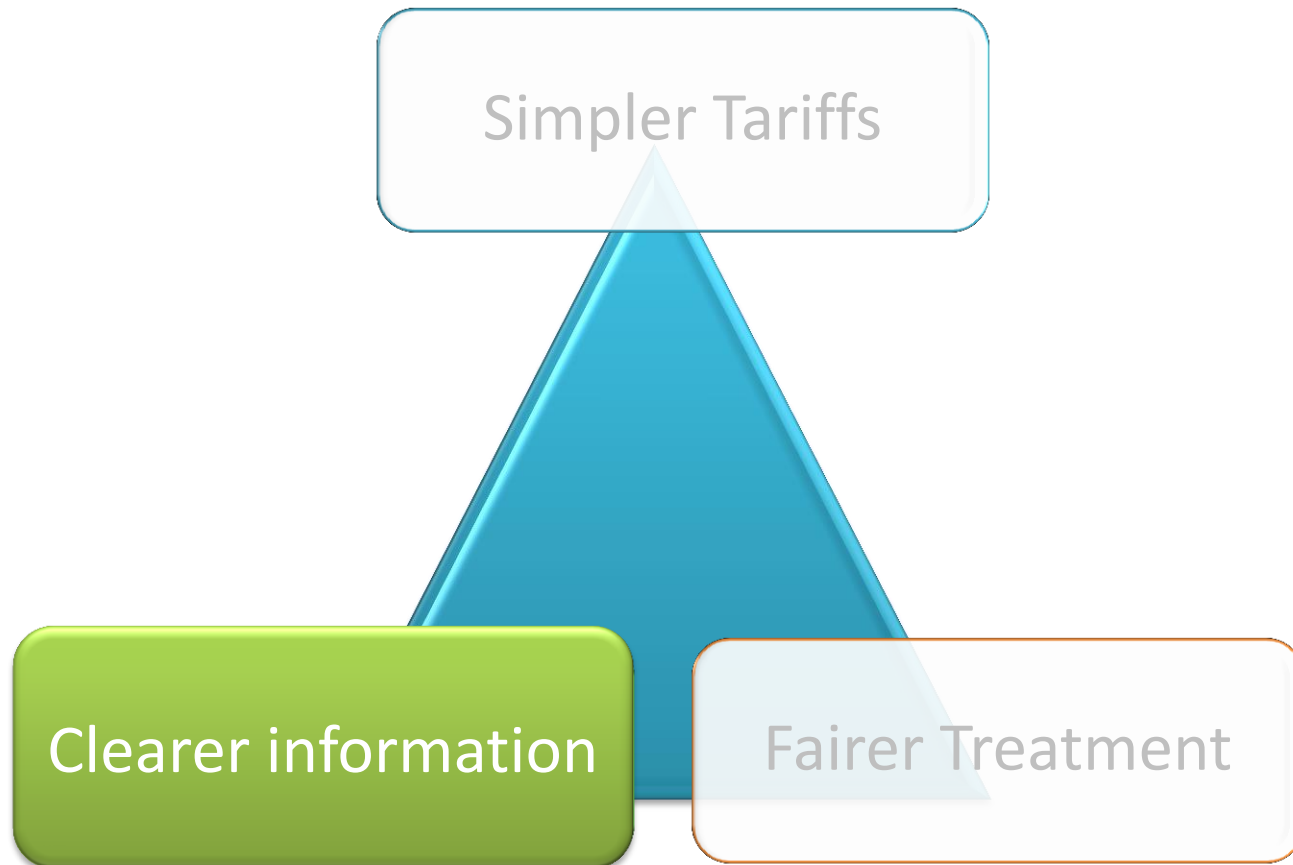
Aim: To make the market simpler for consumers and give them the confidence to engage in the market:



Tariff
Simplification

- All tariffs must have a standing charge and unit rate
- Standing charge can be set at zero
- Dual fuel and online discounts are the only allowed cash discounts and must be the same across all tariffs. All other cash discounts are banned
- Discounts must be applied continuously
- Bundles and reward points (e.g. Nectar Points) have specific rules (e.g. have to be the same across all regions)
- Ban on new dead tariffs (evergreen tariffs that are no longer available for sign up)

RMR Policies



Aim: To help consumers navigate the market and prompt them to engage we have created some new tools



A Tariff Comparison Rate (TCR) – calculated for each tariff, this is similar to an APR type metric

A Tariff Information Label - a common approach to displaying tariff information, a similar concept to food labelling.



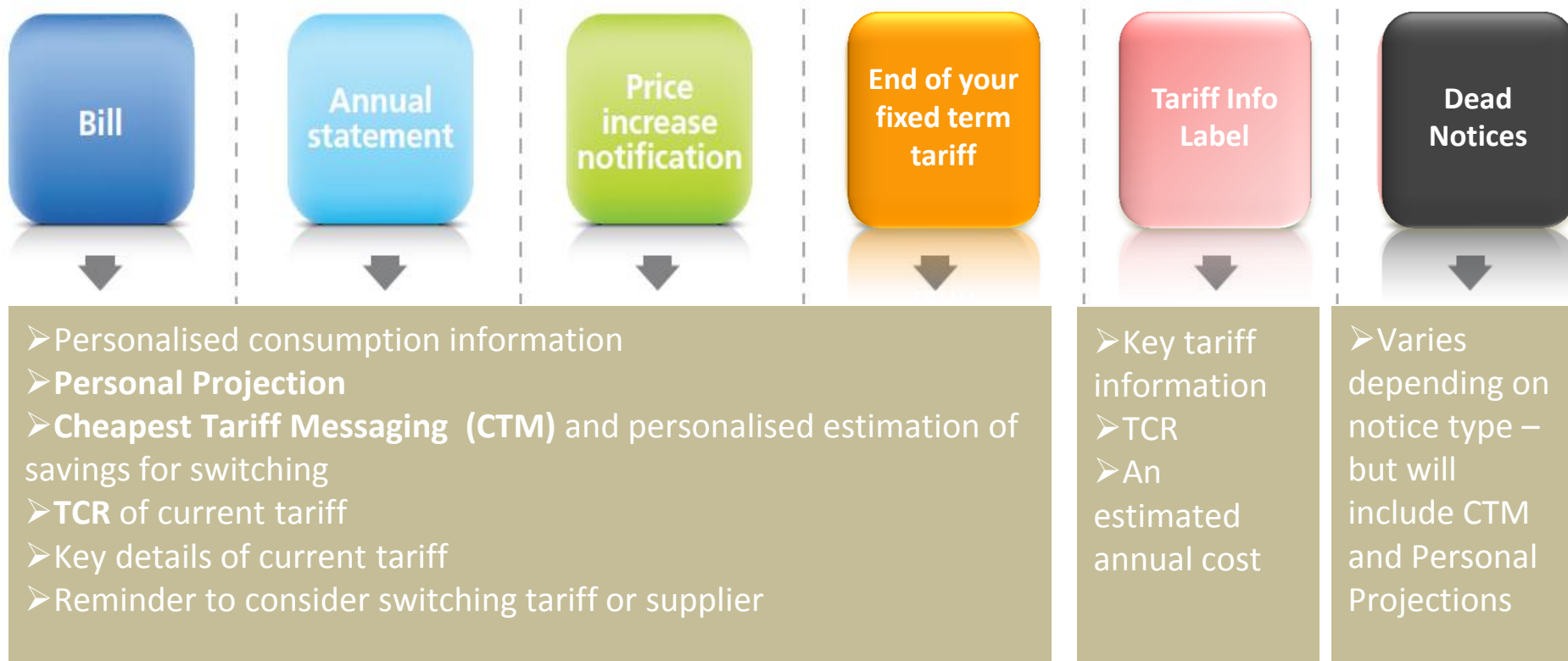
Cheapest Tariff Messaging— informing consumers of saving made by switching with their current supplier



Personal Projections - a standardised way of estimating the energy usage cost a consumer will pay over the next 12 months

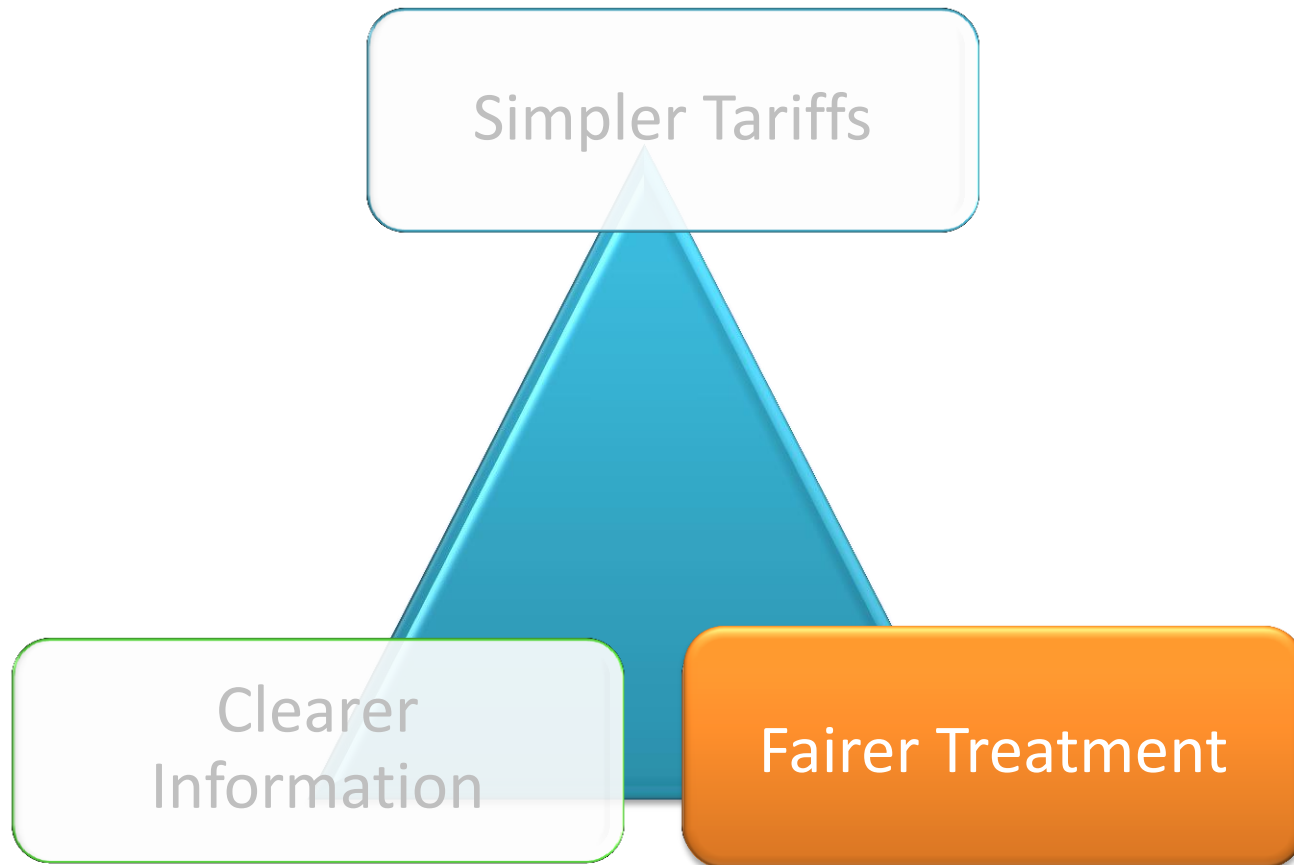
Clearer Information

To help consumers make informed decisions we are requiring some specific information on some routine communications:



← The level of prescription for language, formats and content varies across the communication channels →

RMR Policies





Consumer
Protection

- **“Fixed” means fixed** – Fixed term tariffs means fixed price unless linked to a published index or pre-defined price increases
- **Ban on unilateral variations to fixed term tariffs** where they are to the disadvantage of the customer e.g. you can not change a term of a fixed term contract, which is to the disadvantage of the customer
- **Ban on automatic rollovers** –if the customer does not take action, they can not be transferred to another fixed term tariff

- Suppliers must provide **advanced notice** to those consumers they wish to mutually vary contracts
- Making it **easier for consumers to take advantage of price protections** if they switch supplier when contracts are varied or fixed term tariffs end
- Expensive “dead” tariffs will be banned (e.g. tariffs no-longer open to new customers)
- Consumers who remain on lower priced “dead” tariffs will receive an annual check to see if there is a lower priced variable tariff with no end date

Standards of Conduct (SOC)

- Introduced in Aug 2013 as a principles-based approach to regulation
- Outline outcomes of fair treatment in 3 broad areas:
behaviour, information & process



	Domestic SOC
Applies to:	All domestic suppliers (and their representatives)
Scope:	<ul style="list-style-type: none">•Cover all consumer interactions•Deemed contracts•They <u>do not</u> apply to charges



- The Standards of Conduct covers three broad areas

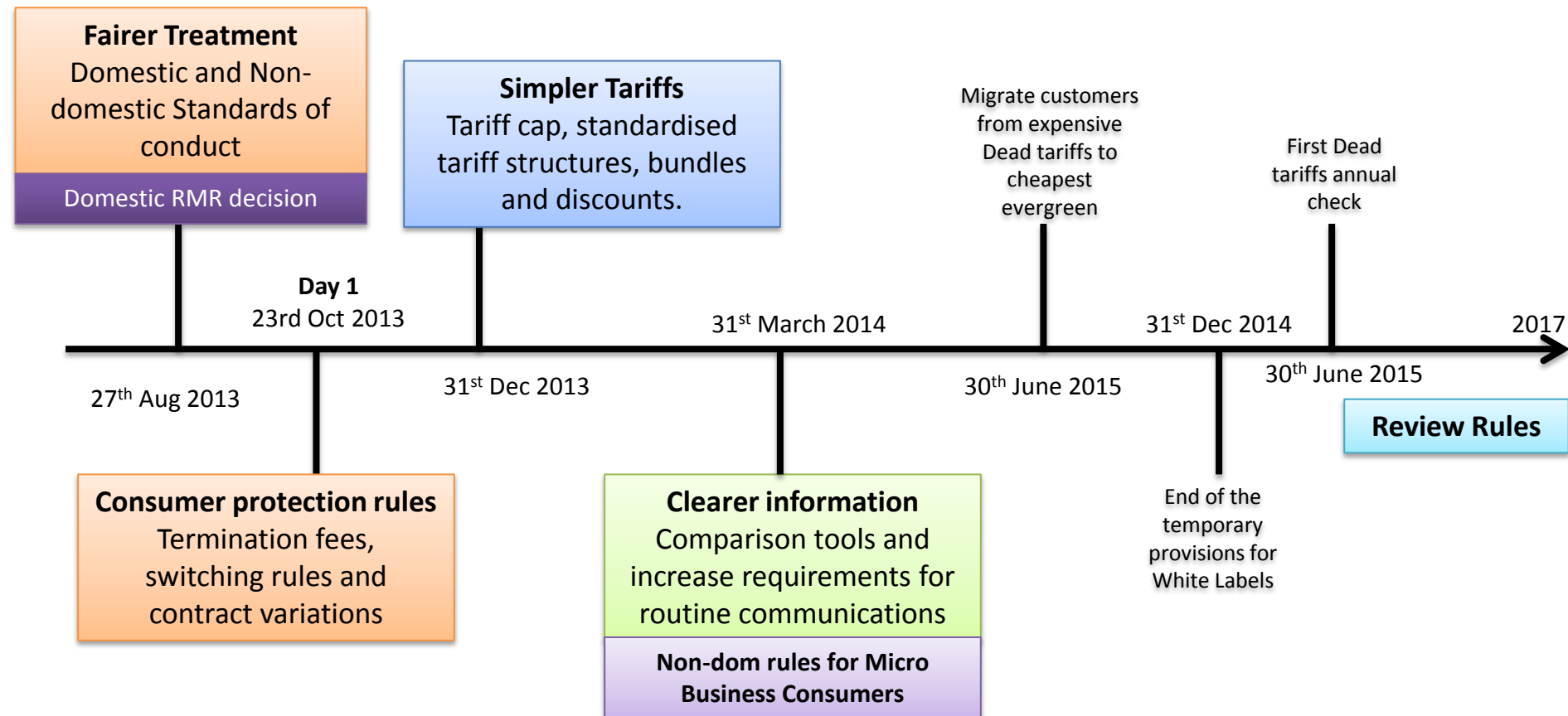
Behaviour: fair,
honest,
transparent,
appropriate and
professional
manner

Information:
complete,
accurate, not
misleading, plain
and intelligible
language,
appropriate and
fair

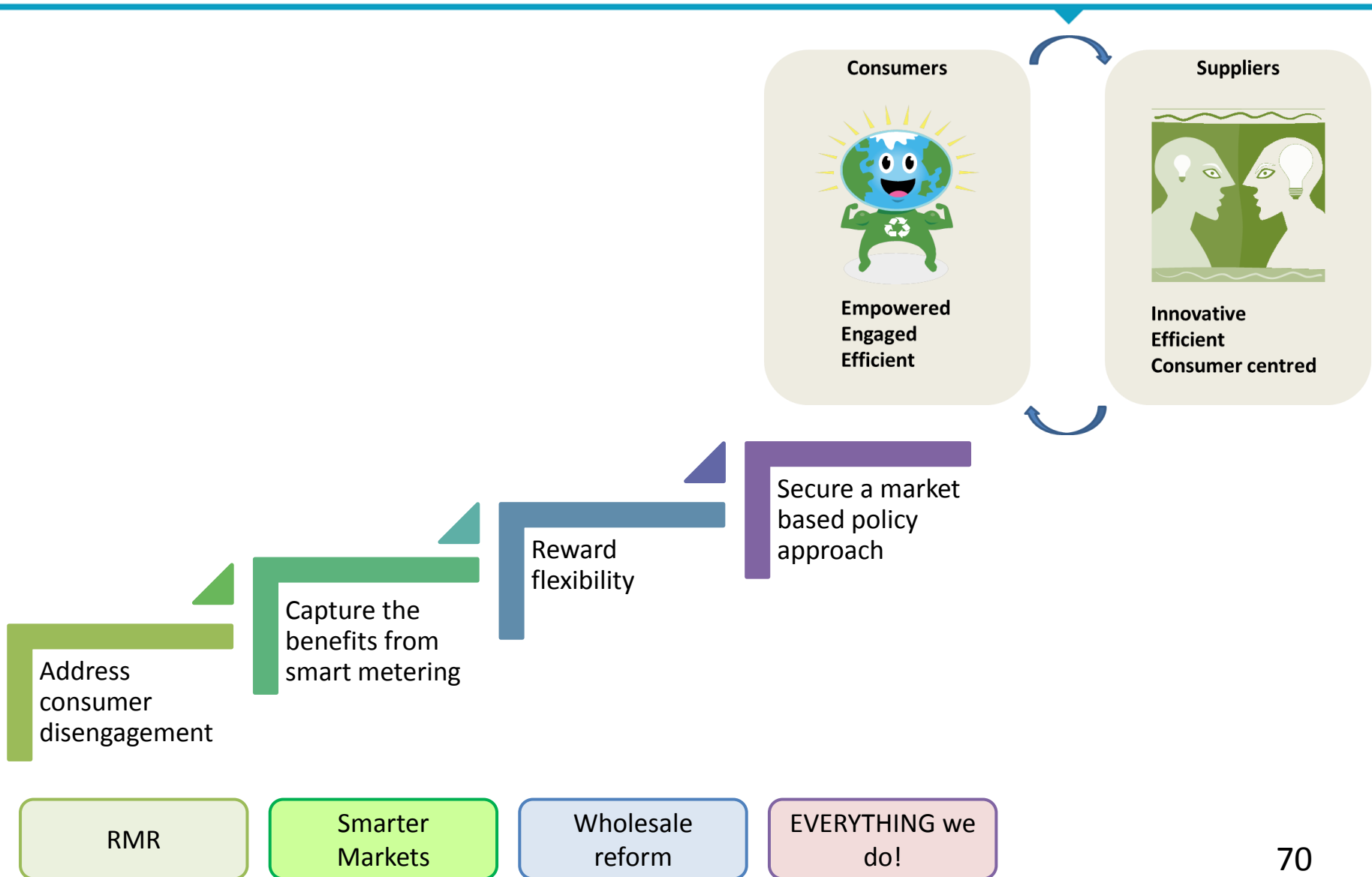
Process: easy for
consumer to
contact them,
suppliers act
promptly,
courteously, put
things right.

Process: customer
service
arrangements are
complete,
thorough, fit for
purpose and
transparent





Part of broader vision



What next?



- **Monitoring & Evaluation** – We will be publishing the results of a new consumer survey this summer, which will form part of our baseline assessment
- **Compliance work** – We intending on enhance our monitoring of the package, including the SOC where we are planning on working with suppliers to share insight into positive consumer outcomes
- **Outstanding policy development** – There are a number of areas where policy needs to be considered e.g. TCR for Time of Use tariffs, our approach to White Label providers etc.
- **Working with domestic TPIs** – We will be issuing a consultation over the summer on changes to the Confidence Code

RMR Policies and Implementation - Questions



RMR Derogations

**Adhir Ramdarshan – Head of Domestic Retail
Market Policy**

Jibirila Leinyuy – Senior Economist

- **Background**
- **Derogation assessment**
- **Issued derogations**



- RMR rules are considered the best way to protect consumers - compliance is our key objective
- We have a derogation tool:
 - We consulted on our broad derogation approach in 2013 and published our [guidance](#) in September 2013.
 - If granted, a derogation relieves the licensee of its obligations to comply with certain licence conditions in specific circumstances and to a specified extent.
 - **Not** a tool for avoiding compliance.
 - **Not** a tool for opening core RMR policy decisions.

Derogation guidance

Who can apply for a derogation?

- Only licensed suppliers.
- Supplier representatives/third parties can suggest that Ofgem consider a derogation on its own initiative.

Duration of derogations

- **Assessment:** 6 weeks to 6 months depending on complexity of the issue, quality of submission, whether external consultation is necessary.
- **Duration of granted derogations:** definite vs. indefinite (eg lifetime of scheme) or until a further derogation is made or the derogation is revoked.

Information required

- The obligation is on the supplier to provide evidence to support their case.
- Clear description of the issue, relevant licence condition(s) and nature of unintended consequences.
- Assessment (qualitative/quantitative) of the impact on consumers, the licensee, and any other parties affected.

Key assessment criteria

- Ofgem's principal objective including RMR principles (simpler, clearer and fairer).
- Unintended or unanticipated consequences of compliance (e.g. social tariffs, pilot schemes for innovative products).

All issued derogation can be found [here](#)

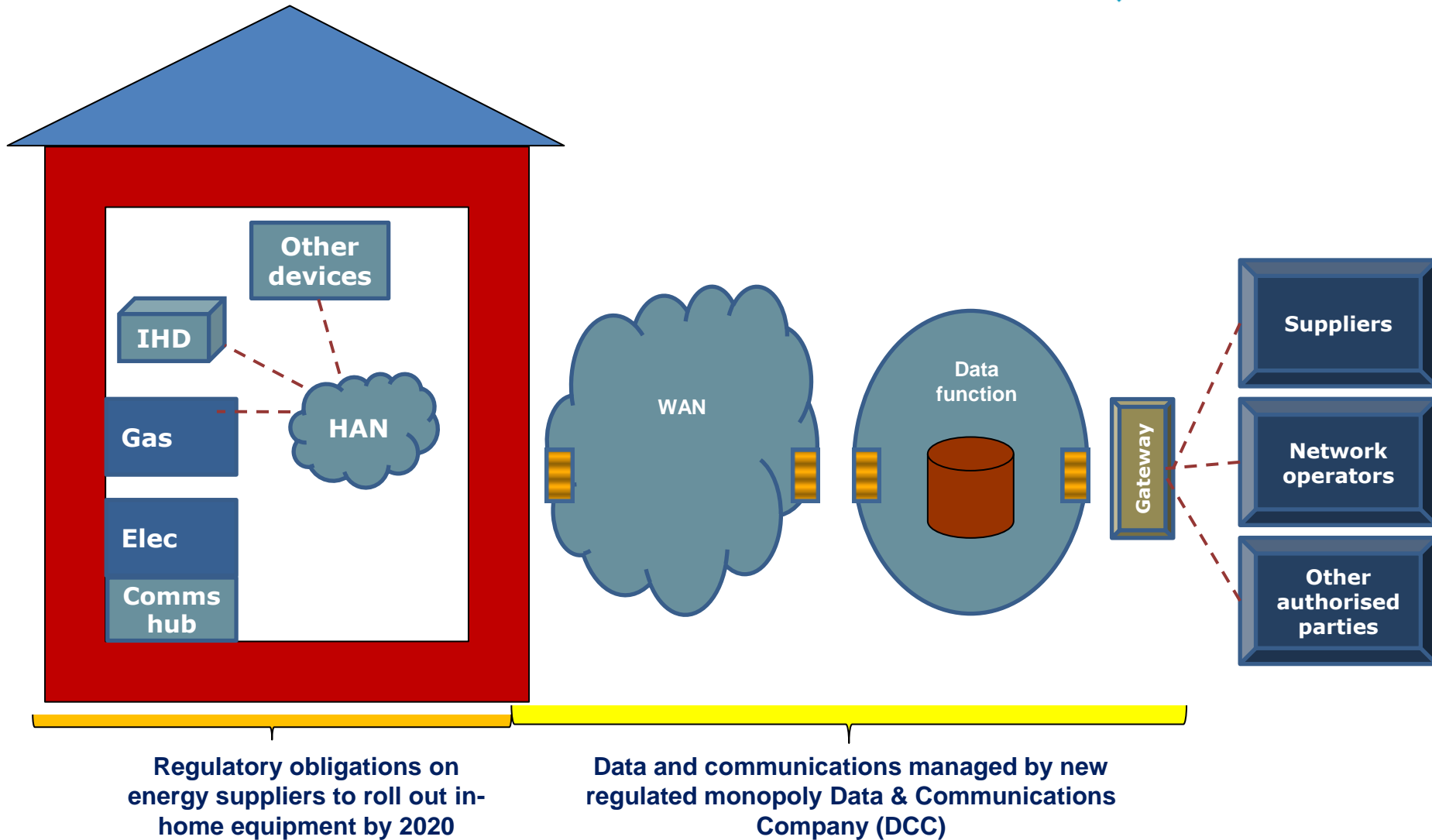
	Summary
EDF Tariff for Barkantine district heating scheme	<ul style="list-style-type: none"> •Temporary derogation from the tariff cap (until October 2025). •To offer a social discounted tariff based on a Concession Agreement (in 2000) between certain affiliates of EDF and the Council of the London Borough of Tower Hamlets. •Limited number of eligible customers (about 700 properties) with a significant proportion considered vulnerable or low income customers.
Good Energy Delabole and Hampole local community windfarm scheme	<ul style="list-style-type: none"> •Two temporary derogations from the cash discount rule (2 years each). •To offer windfall payments to customers located within a particular region if the Wind Farm generation site exceeds forecasted output. •Tariff offered to a limited number of eligible customers (currently less than 500).
Green Energy customer share scheme	<ul style="list-style-type: none"> •A temporary derogation from the bundles rules (2 years). •To offer 400 shares to the first 50,000 customers •GE intends to give away 50% of the company to customers.
E.ON WarmAssist Fixed Tariff	<ul style="list-style-type: none"> •A temporary derogation (1 year) from certain licence conditions. •To offer assistance to customers on the WAF tariff during the closure of this tariff. •The WAF tariff is comprised of elderly people on benefits and over 80s on low income, not open to new customers and will be closed in July 2015.

Smart Metering

Small supplier obligations and how we can engage

Colin Down – Senior Manager

GB smart meter roll-out – an overview



Codes that you must comply with

Smart Energy Code

New industry code, est Sep-13

Licence requirement to accede and comply (domestic and small and medium business premises)

Multiparty agreement that defines the rights and obligations between DCC and service users

Smart Meter Installation Code of Practice

Approved by Ofgem in Apr-13

Licence requirement to comply (domestic and micro business premises)

Ensures consumers get a high standard of service throughout installation process

Other obligations that you must comply with

Data Access and Privacy

Applies to domestic and micro business premises

Supplier can take monthly consumption reads for regulated purposes

Supplier can take daily reads for certain defined activities (eg billing)

Other than this, consumer consent is required if accessing data

Consumer must be informed about what data is being taken and why

Security of the end to end system

Applies to all premises

Suppliers must maintain high level of security for smart metering systems

Suppliers must take all reasonable steps to comply with ISO 27001 by Sep-14

Suppliers must have a security policy in place

Regular audits required (at least annually)

Ofgem's role

Protect the interests of consumers

Monitor and regulate licence obligations

Approve/reject certain modifications to the Smart Energy Code

Provide independent regulatory advice and expertise to DECC

DECC's role

Develop roll-out policy and associated regulatory framework

Monitor delivery of benefits of smart meters

Report on progress to Parliament, public and other interested parties

Why engage with suppliers?

- We can understand the issues suppliers are facing in rolling out smart meters
- You can get your issues on our radar and off your chest

What do we offer the big six?

- We meet the big six on a quarterly basis

What can we offer small suppliers?

- The same as the big six, if there is the appetite
- But we are interested in what works for you

Smart Metering - Questions



Engaging Smaller Suppliers

**Adhir Ramdarshan – Head of Domestic Retail
Market Policy**



energysuppliersforum

How should we engage smaller suppliers?

The challenge

- Smaller suppliers have limited resources
- It is a busy regulatory environment

Our aims

- Want to capture views adequately during policy development process
- Ensure you understand the regulatory framework (eg aid compliance)

**Effective
engagement
needed**

Existing engagement

- Public consultations
- Industry workshops
- Bilaterals
- Ofgem attendance at industry forum meetings
- Comms mailshot

-How should we engage you going forward?

-Frequency

-Format: Domestic / Non-domestic

-Issues: Retail, networks etc

Engagement – Table and plenary discussion



Ofgem is the Office of Gas and Electricity Markets.

Our priority is to protect and to make a positive difference for all energy consumers. We work to promote value for money, security of supply and sustainability for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We work effectively with, but independently of, government, the energy industry and other stakeholders. We do so within a legal framework determined by the UK government and the European Union.