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Dear Sir,

Domestic third party intermediaries: Confidence Code and wider issues

Please find Co-Operative Energy's response to the above consultation below.

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

We agree that TPIs have an important role to play in providing consumers with simple, comprehensive oversight of supplier offerings.

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

We believe that the definition is suitable and covers the work of price comparison sites as well as collective switching schemes.

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?

We do not believe that the definition excludes any services that we would regard as being a TPI.

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

Yes. It is important that both customers and suppliers are able to trust in the impartiality of services provided by TPIs and that they do not give undue advantage to any supplier in relation to any other. We are of the view that one of the best ways to create this trust is for consumers to be made aware of the commissions that TPIs charge for their services. We would therefore like to see a situation where TPIs are barred from claiming that these services are "free" as TPI commission rates are passed onto consumers. We believe that requiring publication of this information would then be likely to lead to price competition between TPIs to the benefit of the consumer.

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?

We see no reason why all of these principles could not be applied to any TPI although Ofgem should continue to monitor the TPI landscape in order to assess whether or not any new TPI business models would be likely to experience difficulties in embedding these.

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?

We believe that consideration should also be given to TPIs that provide services in relation to energy bill management and division between household occupants, i.e. those that operate on behalf of students in shared accommodation. Although we were previously uncertain as to whether or not these counted as TPIs, it would appear that companies of this nature meet the definition contained within the consultation document.

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?

We are unaware of any at the present time.

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?

We are of the view that it would be beneficial to cover telephone interactions in price comparison within the Confidence Code. This would then allow easier access to TPI services for more vulnerable and harder to reach groups and facilitate Ofgem's aim of face to face interaction while giving confidence that these interactions will be handled in the appropriate manner and with suitable consumer protections in place.

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?

We believe that this is potentially the most significant change dealt with by this consultation. For some time consumers have been under the impression (and some TPIs have encouraged the belief) that services provided by TPIs are free of charge. This is clearly not the case, TPIs are businesses aiming to make a profit like any other and the cost of their services is generally charged to the supplier and then passed on to the consumer.

We feel that consumers would benefit from greater transparency in relation to the fees charged by TPIs for their services and that this would likely stimulate greater competition between TPIs as they sought to deliver their services in a more efficient manner to attract more supplier business. This should then reduce prices for end consumers.

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

Yes, we believe that TPI sites should be required to provide a direct link to sources of independent advice as this will make it easier for consumers to be fully informed around the decisions they make.

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?

We do not believe that the current code requirements are unduly onerous.

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?

We think this would be useful in order to coordinate switching for prepayment customers under the Debt Assignment Protocol. We would have thought that individual TPIs would be best placed to carry out this function as the necessary information could easily be provided to customers who identify themselves as prepayment customers at this stage.

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

We believe that a six month implementation period following a decision to implement would provide sufficient time to make the necessary changes.

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

Yes, we agree that it is important that customers be able to easily compare tariffs for the whole market in order to make a well informed decision.

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?

We agree that this is appropriate provided that the methodology behind the conclusions reached is clearly explained and sites rate suppliers on an impartial basis.

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 those criteria?

Yes, we think this could most easily be achieved by filtering on the basis of additional environmental benefits.

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

We believe that a six month implementation period following a decision to implement would provide sufficient time to make the necessary changes.

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

Yes, as this will require sites to use the same methodology as suppliers when calculating tariff costs and make it easier for consumers to make the appropriate comparisons between these.

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?

Yes, please see our answer to Question 18 above.

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?

We believe that Ofgem should aim for consistency of tariff cost results across the industry as this is the only way that consumers will be able to obtain directly comparable quotes and avoid confusion. There is no reason why Ofgem cannot approve a change to the methodology later if a different method of producing consumption estimates is felt to better meet the relevant objectives.

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

We believe that a six month implementation period following a decision to implement would provide sufficient time to make the necessary changes.

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

We believe that this is suitable as these are the standards already used for the wider energy industry.

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?

Yes. The link should be located in a prominent place on the site homepage.

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

We agree that it would be useful for all industry parties to have the opportunity to be involved in this process.

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

We believe that a six month implementation period following a decision to implement would provide sufficient time to make the necessary changes.

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

We believe that it is appropriate to remove requirement three as the changes proposed by Ofgem as part of this consultation should provide suitable reassurance around the accuracy of the data produced by each site.

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

Mobile apps might potentially facilitate a greater level of consumer interaction with the market. However, it would need to be demonstrated that these were designed in such a way as to be compliant with the expanded confidence code and communicate information in the required fashion making use of the appropriate methodology.

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

The best approach might be to require sites to provide a link to this in a prominent place on their websites.

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?

This would seem the most efficient way of auditing all sites to a single defined standard. However, it is likely that this approach will see the cost passed onto consumers.

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

Yes, these seem reasonable.