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Dear Sirs

Domestic third party intermediaries: Confidence Code and wider issues

As one of the earliest signatories to the Confidence Code, when it was initially managed by energywatch, and as a TPI operating in both the domestic and SME markets we are encouraged with the depth of this consultation document and believe that responses to this particular consultation could indeed help shape the consumer landscape.

As noted within the initial Overview it is of paramount importance for all parties to consider that the **consumer** should be the **main beneficiary** of any changes and therefore our following comments are provided on that basis only:

***Q1.** 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?*

In general, Energylinx agrees with the summary as presented. The missing element within the summary from a consumer perspective is the apparent or perceived lack of controls within the TPI landscape. The following section attempts to define the regulatory framework but, from a customer viewpoint, TPIs are not being recognised as a 'trusted' source of information and we believe that considerable work needs to be carried out to promote the 'trust' element.

Later within our response we will attempt to outline the issues here.

***Q2.** Does the definition exclude services you would expect to be covered? If so, how might it be adjusted to accommodate them?*

The definition as proposed is *"an intermediary between a domestic consumer and an energy supplier, providing advice and assistance to a consumer in relation to their energy supply."* The definition does not exclude any services that we would wish included, however from a consumer viewpoint neither does it specifically include services on a named based.

We understand and appreciate the need to create an all-encompassing definition but we feel rather than being generalised the statement should refer to the range of services known to consumers plus a catch all section, vis a vis:

- Online energy price comparison services
- Offline energy price comparison services
 - Inbound telesales
 - Outbound telesales
 - Hybrid telesales
 - Face to face
 - Event sales
- Collective purchasing platforms
- Cheap energy club or permutations
- Face to face selling
- Letters of Authority (LOA)
- Energy Concierge Services
- Any other activities where a consumer is able to access or be presented with the energy industry where the interaction is not directly with the energy supplier

Q3. *Would this definition include services you would not expect in light of our TPI vision? Why do you think these services should be excluded?*

Energylinx would expect the TPI vision to include every possible channel/service where a consumer can access or be presented with information related to energy tariffs where that information was not being provided directly by the energy supplier.

Q4. *Do you agree that domestic intermediaries should provide an independent, transparent, accurate and reliable service to their customers?*

Energylinx believes that the provision should be exactly as described, the main failing in the TPI arena, as defined by this consultation, is transparency. We consistently see messaging such as 'whole of market', '100% impartial', 'all suppliers', 'free' etc. when this evidently does not apply. This adds confusion to the consumer and it important that messaging from TPIs is accurate and reflects exactly what is being offered and how it is offered.

Q5. *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 are not of the belief that there are any challenges in addressing and implementing the core principles save transparency.

Transparency in the market influencers can only be achieved when firstly messaging is accurate, as per our response in Q4 together with the disclosure of commission levels paid by suppliers to TPIs. Strict regulation is required to address all of these issues.

Q6. *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?*

Face to face services via TPIs should be addressed by specific guidance to suppliers in that the regulatory framework exists today to allow this. Of the 31 suppliers operating in the market the majority fully support the concept of face to face selling and would actively encourage its implementation but are apparently restricted in doing so due to the regulatory framework in which they operate.

The older now defunct single supplier face to face model clearly failed the consumer on the basis that only one supplier can never offer the best service/value/cost to the consumer and yet all participants promised to offer just that.

Face to face selling by TPIs offer the consumer the option to genuinely be offered the very best service/value/cost based on their direct requirements and not influenced by anything other than their own requirements.

The challenge in that arena will be what is actually offered by TPIs and we believe that anyone operating in that arena must operate a true whole of market service as this would be the only method to ensure that the consumer was genuinely presented with every available tariff. This together with a validation process would ensure that the very best advice was provided.

In terms of Information Exchange we believe that the industry in general fails poorly and we believe that this area requires substantial changes to ensure that information when requested by either the consumer directly or by the TPI when working on behalf of the consumer should be readily available at no cost and on a real-time basis.

Q7. *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 believe that TPIs should have the ability with some form of electronic authority from the consumer to request and be provided with on a real-time basis any consumer information requested. This should not only be any information held by suppliers but held by other agencies such as Ecoes and Xoserve

Q8. *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 believe that suppliers should be encouraged to allow face to face selling by TPIs and in the same way that the banking industry has been transformed by legislation/targets in offering loans etc to businesses, suppliers should have targets in terms of TPIs arranging switches on their behalf on a face to face basis.

Q9. *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 a very positive step in terms of transparency at TPI level and more importantly will lead to an increased 'trust' by consumers in the use of TPIs. We do believe that transparency in commission levels is something that should happen. Many sites advertise that they are a free service, they may well be a free to use service but they are not free. The issue here is trust and full transparency will help engender such trust.

Q10. *Do you agree that sites should direct consumers to the sources of independent advice identified? Are there other sources you would suggest?*

Only on the basis that the independent advice is provided at government or regulatory level and is not commercialised in any aspect.

Q11. *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 are unaware of any restrictive practices. We would however be totally against any form of advertising of any energy supplier on TPI platforms.

Q12. *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?*

Whilst we accept pre-payment customers in general may be recognised as the least active consumer within the switching market we are not convinced that those customers require any form of central repository. What is required is easy access to switching via TPIs and this simply requires suppliers to allow TPIs to have the ability to switch online to all prepayment tariffs.

Q13. *What timeframe would you propose for implementing our proposals in relation to site independence?*

Immediate

Q14. *Do you agree with our proposal to increase consumer awareness of the availability of whole of market comparisons? Are there better alternatives?*

The concept of whole of market comparisons is in principle a perfectly sound business idea where all suppliers work with all TPIs and all tariffs are then available through all TPIs. However to insist on all TPIs offering a whole of market service ultimately would lead to a loss of a number of TPIs as they would in effect be paying to operate in the market but with no means of monetising the service that they provide.

From our perspective we were the last TPI to introduce a filter to allow customers to choose to see only tariffs that they could switch to today on our platform, something that we are minded to reverse during the final quarter of 2014.

We believe the issue here is not so much forcing whole of market options only but strengthening the Code so that where a whole of market filter is used by the consumer then the TPI must show all tariffs. At the moment the Code is very weak in this area and a TPI can more or less cite that they could not receive tariff information on a particular tariff and still remain accredited. We believe that this is unacceptable and that where a TPI states they offer whole of market or use words such as 'all suppliers', '100% impartial' then they should be exactly that. Effectively the level at which they operate at should be very clearly stated.

Q15. *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?*

Energylinx does not compile supplier ratings as we believe that this would then create a subjective view of the supplier. Instead we have created our platform to allow the customer some 42 days after their energy switch to rate the supplier in terms of their actual switch. We have been operating this model for eight years and we have feedback from several hundred thousand customers at not just supplier level but at tariff level. In our opinion supplier ratings should be clearly auditable at customer level on a 100% transparent basis in the same method our own ratings are.

Q16. *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?*

We are of the belief that sites should categorise green tariffs as we believe that consumers have an appetite to be able to identify these tariffs. As noted, the current certification scheme is no longer a useful filter so OFGEM should separately consult with the main green energy suppliers to agree a categorisation methodology. Once that is agreed then the method on which sites display green tariffs should be amended not simply to force the current price driven comparison but to focus on a benefits criteria.

Q17. *What timeframe would you propose for implementing our proposals in relation to site transparency?*

At the latest 1 December 2014

Q18. *Do you agree with our proposal for sites to use the Personal Projection methodology when calculating the cost of a tariff?*

We believe that this should not form part of the consultation in that this should be simply something that happens in light of the RMR changes. To have anything other than one criteria simply adds confusion and mistrust at consumer level.

Q19. *Do you agree with our proposal to require sites to display a Tariff Information Label for each tariff on their site.*

Our response to this question is identical to that of Q18, save that we would recommend the cessation of the TCR. TCRs are adding massive confusion at consumer level and whilst the intent of TCRs is to be applauded their actual use simply adds confusion. For those in the industry the concept and understanding is easy. But think of the consumer. When a consumer carries out a comparison and views the TIL for their selected tariff, selecting the lowest overall annual cost for their circumstances and are then presented with a TCR that can be higher

than tariffs with a higher annual cost for their circumstances – what do they automatically assume? They simply get confused. Energylinx has used the concept of PTCRs in addition to TCRs since their introduction and the feedback we receive is that consumers can understand this rating. As to whether it influences them we are not convinced but it certainly removes the confusion of TCRs. Our view would be to remove TCRs entirely from the TIL.

Q20. *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 methodology?*

Similar to Q18 and Q19 we do not believe that this should be for debate. All parties should follow identical methodology and in particular follow to the letter the algorithms relevant to issues such as seasonality as currently detailed in SLC1. Only when a change is made to that methodology should TPIs and suppliers then change – but again all on a consistent basis.

Currently the only real issue here is that the UK requires a published and agreed seasonality model. We have our own, built up over ten years of analysis which we use and is auditable and whilst we believe that this allows us to fully comply with SLC1 we are sure that other TPIs also have their own seasonality model also allowing them to comply on an auditable basis to SLC1. However this still means that results on our site may be different from other sites which is clearly wrong, so it is important that a seasonality model which all parties (TPIs and suppliers use) is published. While we await this being produced we do think it is unacceptable that any party offers a result that does not follow the SLC1 principles.

Q21. *What timeframe would you propose for implementing our proposals in relation to site accuracy?*

At the latest 1 January 2015

Q22. *Do you agree that we should introduce principles from the complaints handling standards into the Code? Are these the right principles to introduce?*

We agree that principles should be incorporated.

Q23. *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?*

We support the idea in principle and would look to OFGEM in terms of signposting requirements.

Q24. *Do you agree that we should set up a working group to discuss site accessibility guidelines?*

We fully support all aspects of accessibility and we have worked hard since our inception to ensure that our sites are fully accessible for all persons regardless of their abilities or the tools that they use to access our platforms. Legislation exists in terms of accessibility together with the guidelines from <http://www.w3.org/standards/webdesign/accessibility> and we fully support all aspects of this. But we would not recommend a working group as this would effectively be duplication of work carried out by experts in this field and all web platform providers should embrace those guidelines and legislation without need for a working group.

Q25. *What timeframe would you propose for implementing our proposals in relation to site reliability?*

Immediate

Q26. *Do you agree with our proposals to allow a broader range of comparison sites to become accredited under the Code?*

We agree that accreditation should be expanded and separate to this consultation Energylinx has submitted its views to OFGEM in this regard. The key measure is consistency of approach and whilst we wish to see the range expanded it is important that this is done in a method that ensures the Code is maintained and is not in any way weakened.

We believe that 'source or base' accredited TPIs can offer white label platforms to parties wishing accreditation but that the 'source or base' must assume 100% responsibility for compliance with the Code.

Q27. *What challenges and benefits do you envisage if we were to expand the Code to cover mobile apps? And follow-up prompt services?*

We believe that the Code MUST cover mobile apps. We see no issues whatsoever and we believe that all our mobile apps are fully compliant to the Code at this time.

Q28. *Do you have suggestions as to how best to increase awareness of the Code among consumers?*

Continue doing more of the same, increase the accreditation as per Q26 and ensure that every energy bill provides a link to the Code using a public facing platform that outlines in plain English what the Code is and how consumers should look to trust it.

Q29. *Do you agree that we should appoint a single auditor and pass through the costs to sites? Are there better alternatives for achieving this?*

Yes fully agree. We believe also that results of audit should be transparent and published in full to help consumers understand the accuracy or non-accuracy of a particular platform

Q30. *Do you agree with the proposed changes to the Code audit, enforcement and compliance, and change processes?*

We fully agree with the plans with the exception of 7.30. We believe that external factors should not be taken into account when determining compliance. e.g. if say a large number of tariffs were launched by suppliers as suggested and this meant that the TPI was non-compliant with the Code then we struggle to understand why that would be acceptable. The result of say the consumer complaining would then be almost 'that's okay Mrs Smith we know that the figures we presented were inaccurate but don't worry that is okay as there were external factors.' Clearly for Mrs Smith, the consumer this is far from acceptable.

In terms of this overall consultation Energylinx are delighted that OFGEM have taken time to consider matters which can clearly enhance the consumer buy-in and trust of TPIs. We look forward to embracing the outcomes from the consultation when published.

Sincerely on behalf Energylinx

Ken Geddes

Director – Sales and Marketing