

Note of Ofgem-DECC Independent Suppliers Forum 28 January 2015

This is a note of the forum held by Ofgem and DECC, at Ofgem's offices, 28 January 2015.	From	Adam Cooper (Ofgem) and Rachel Crisp (DECC)
	To	Independent Suppliers
	Date	9 February 2015

Below we set out the agenda items and any relevant points to note which are not featured in the event slide pack. The slide pack can be found on both Ofgem's and DECC's websites.

Agenda Item	Notes
Welcome Dermot Nolan, Ofgem CEO	<p>Dermot noted the diversity and innovation independent suppliers bring to the market. Ofgem is conscious of the lengthy supplier licence and hopes this will shorten over time, especially with Principles Based Regulation. Ofgem's focus is treating consumers fairly, as opposed to gold-plated compliance.</p> <p>Dermot noted the period of change upcoming regarding the CMA findings and the election. Suppliers are urged to talk to the CMA and make their voices heard. The election could prove unpredictable regarding the regulatory framework. Ofgem can provide guidance on both these areas if suppliers need it.</p>
Midata Patrick Whitehead (DECC)	<p>Questions arose about the use of midata beyond facilitating consumers switching back to the Big Six. DECC noted that midata could facilitate switching between any suppliers. A participant commented that midata has the benefit of reducing erroneous transfers and improving customer experience.</p> <p>Other benefits could also emerge with innovation from app developers and suppliers themselves and the potential to combine the midata with other sources of data. Midata is not designed to specially address the issues of sticky customers (which the CMA is considering) but can improve the switching process for all consumers.</p>
Domestic Back Billing Martin Abraham (Ofgem)	<p>Martin reminded the forum of Ofgem's expectations regarding back-billing, and highlighted the principles involved and confirmed that the Standards of Conduct applied.</p> <p>Suppliers raised concerns that back-billing isn't explicitly mentioned in the supply licence and suggested Ofgem put information on the website. There was general agreement that this would be helpful. Ofgem will put up a webpage about back-billing with links to relevant documents very shortly. Martin invited suppliers to contact Ofgem if they wanted to discuss the issues in more depth.</p>

<p>Gas Pre-payment Meters</p> <p>Ciaran MacCann (Ofgem)</p>	<p>Ciaran thanked suppliers for their efforts into rectifying the issue of Gas PPM overcharging, but explained we are still concerned that consumers are refunded fairly and as quickly as possible, which is the focus for Ofgem. Ciaran explained that Ofgem would continue to monitor the situation until resolution. Ciaran also explained that we are completing our investigation on ensuring this does not happen again. There may be an open letter in the future setting out our findings on this.</p> <p>One supplier explained concerns about timescales for providing information on monitoring are tight. Ciaran acknowledged that we would take this into account going forward, but also noted that these timescales would vary depending on how worried we are about suppliers meeting their commitments.</p> <p>Suppliers said that guidance to new entrants on the CV matter would be helpful, and that governance could be strengthened to prevent recurrence. Ciaran acknowledged that this is something we are discussing with the relevant bodies.</p>
<p>Credit Balances on Closed Accounts</p> <p>Phil Sumner (Ofgem)</p>	<p>Phil urged suppliers to engage with the voluntary standards on credit balances. Ofgem would like wider involvement from suppliers, from more than just ICoSS and Energy UK groups. It was acknowledged that these groups do not represent all suppliers. The £20million owed to consumers is split around half and half between domestics and non-domestics.</p> <p>There was discussion around the potential challenge of returning money to consumers. There is not a clear view on what 'reasonable steps' to return consumers' money constitutes but Ofgem needs to see clear actions to achieve this.</p> <p>Phil said Ofgem wants to hear supplier feedback, and we've already heard from some suppliers.</p>
<p>Welcome</p> <p>Rachel Fletcher, Ofgem Markets Senior Partner</p>	<p>Rachel noted that independent suppliers are providing competitive challenge to the large established companies and new business models are important to delivering carbon reduction. Growth of independent suppliers raises challenges for Ofgem in terms of how best to engage with them to ensure rules do not get in the way of delivering the best outcomes for consumers and how to ensure Ofgem is regulating effectively. Ofgem is doing some thinking around Principles Based Regulation and appreciates any feedback during this process.</p> <p>Independent suppliers raised concerns about the number of information requests. Rachel agreed that Ofgem needs to coordinate requests better and there is some work going on around how to ease the burden of information requests. She suggested that Ofgem's Better Regulation lead, Mark Wagstaff, could deliver a session at the next forum to involve independent suppliers in this work.</p> <p>Engagement with code changes was also discussed and it was suggested that an item on code governance and the challenges faced by independent suppliers should be included on the agenda for the next forum.</p>

<p>Quicker switching</p> <p>Andrew Wallace (Ofgem)</p>	<p>Andrew set out progress with the current move to 17 day switching. This was expected to become the industry norm in the short term. He explained Ofgem’s decision to lead a programme of work to deliver a new centralised registration process and reliable next day switching by end 2019. Alongside its decision document, Ofgem will shortly consult on a draft Target Operating Model to support this work and launch a significant code review towards the end of the year. He made the following points:</p> <ul style="list-style-type: none"> - It was important that a new process should be reliable for consumers - Process needs to accommodate a cooling-off period for consumers (proposal is that if a customer changes their mind they should return to the losing supplier on the same terms as if the switch hadn’t taken place).
<p>REMIT Registration</p> <p>Alasdair Yuille (Ofgem)</p>	<p>Alasdair set out the history of the REMIT Regulations and informed suppliers that ACER and national regulators have developed an online platform for use by market participants to fulfil REMIT Registration obligations. Ofgem will check suppliers’ information to reduce the risk of mistakes but ultimate responsibility for accuracy rests with the supplier.</p>
<p>EU Financial Regulation update</p> <p>Joseph Gildea (Ofgem)</p>	<p>Joseph provided an overview of some of the potential changes to where and how energy is traded as a result of EU financial regulation, specifically the Markets in Financial Instruments Directive (MiFID 2). The European and Securities and Markets Authority (ESMA) is currently consulting on revisions to certain exemptions used by energy market participants trading on exchanges.</p> <p>Joseph suggested suppliers should consider, in collaboration with their representative bodies, whether they are likely to be affected by this or any other aspects of the changes to this regulation, and to feed any concerns back to Ofgem.</p>
<p>Ofgem Quick Policy Updates</p> <p>Adam Cooper (Ofgem)</p>	<p>Adam informed suppliers that the CMA is expected to publish working papers and annotated issues statement towards the end of February. Ofgem has submitted 3 papers on incumbency, code governance and the wholesale electricity market.</p> <p>Adam urged suppliers to comply with voluntary information requests, as set out in the slides. This is important to help Ofgem better understand the independent suppliers’ position and develop its evidence base to inform new regulatory developments.</p> <p>Adam updated suppliers on the EBSCR, noting that Ofgem had listened to independent suppliers and rejected the proposed code modification P304. He reaffirmed Ofgem’s commitment to a sharper cash out price.</p>
<p>DECC Quick Policy Updates</p>	<p>Rachel confirmed that legislation has been laid:</p> <ul style="list-style-type: none"> - To introduce QR codes with an implementation date of 30 June

<p>Rachel Crisp (DECC)</p>	<p>2015</p> <ul style="list-style-type: none"> - To amend the Warm Home Discount Scheme, so that any overspend or underspend is apportioned based on suppliers' market share in the year the overspend or underspend occurred - To give effect to two exemptions from the cost of CFDs on green energy imports and electricity supplied to electricity intensive industries. <p>Rachel outlined next steps on:</p> <ul style="list-style-type: none"> - The Strategy and Policy Statement (SPS), the Government will lay a report on the consultation and prior to MPs voting on the content of the SPS - DECC and Ofgem's credit and collateral work to examine in bilateral meetings with suppliers some of the radical options outlined in the Cornwall report. <p>Rachel flagged two further policy initiatives:</p> <ul style="list-style-type: none"> - A Government campaign to encourage consumers to engage in the energy market is due to take place towards the end of February 2015 - A vulnerable consumers working group has been set up to look at the issues faced by vulnerable consumers in engaging in the market and how to address them. <p>Rachel noted that Parliament dissolves on 30 March and following that is a period of Purdah. During Purdah Officials will still be able to meet independent suppliers, but will not be able discuss policy initiatives.</p>
<p>Engagement update</p> <p>Vanessa Sturman (Ofgem)</p>	<p>Vanessa out-lined progress on:</p> <ul style="list-style-type: none"> - Ofgem webpage for independent suppliers, due February 2015 - LinkedIn forum, delayed until recruitment of new Ofgem Social Media Manager - Impact Assessment Toolkit, work in progress - Trialling templates for consultations to make readership more obvious - Changes made to Ofgem's internal Easy Guide to Consultations, to ensure policy makers consider independent suppliers resource burdens when consulting - Newsletters to be issued in between forum meetings - 'Onboarding pack' for E-serve environmental schemes being developed

	Feedback from suppliers is appreciated at every stage of the process.
Engagement update Dawn Armstrong (DECC)	Dawn confirmed that DECC: <ul style="list-style-type: none">- Independent suppliers webpage had been launched and was being updated weekly- Impact Assessment Toolkit had been launched- Document template pilot had been completed, but was not successful. DECC will consider further once Ofgem has completed its pilot.
AOB	<p>There was a brief discussion of the timing of the next forum and items for discussion.</p> <p>It was decided that the next forum should be after the CMA has published its provisional findings. Items for discussion could include:</p> <ul style="list-style-type: none">- Better Regulation (including information requests)- Code governance- CMA interim report- Priorities of the new Government- Effective consultation responses- Support for new entrants