

Energy suppliers, third party  
intermediaries, consumer groups  
and other interested parties

Date: 10 March 2015

Dear Colleague

## **Information flows between suppliers and TPIs**

In our August 2014 consultation<sup>1</sup> on Third Party Intermediaries (TPIs), we set out our vision for the TPI market.<sup>2</sup> This vision is that consumers are empowered to engage confidently with the energy market, assisted by an innovative range of good quality, trusted intermediary services.

A key principle that underpins good intermediation and affects consumer trust in TPIs is the provision of accurate and reliable information. We consider that effective information exchange between suppliers and TPIs is important in ensuring that consumers have a positive experience when engaging in the energy market. Accurate information will in turn increase consumer confidence in price comparisons and any resulting potential savings.

We committed to identifying and addressing issues related to information flows between suppliers and TPIs by spring 2015. This letter clarifies existing licence conditions and directs stakeholders towards a number of related projects of interest.

In our consultation, we invited stakeholders to identify any barriers to effective information exchange between suppliers and TPIs which impact on services to consumers. We also held a stakeholder workshop in November 2014 and explored issues raised by stakeholders.<sup>3</sup> This is consistent with our work on the Confidence Code, and the value we place on ensuring that consumers (and their intermediaries) have access to accurate and complete information to support engagement with the market.

This letter is divided into two parts:

- Appendix 1 clarifies existing licence requirements on domestic suppliers to display Tariff Information Labels (TILs) for all operational tariffs on their websites and to only use one tariff name for each core tariff.
- Appendix 2 directs stakeholders towards a number of related projects being undertaken by Ofgem, government and industry. These projects may be of interest to stakeholders in both the domestic and non-domestic retail markets.

In terms of information exchange, some stakeholders made suggestions about how we could go further, including the development of a consolidated tariff database by Ofgem. At

<sup>1</sup> Available at <https://www.ofgem.gov.uk/ofgem-publications/89233/domesticthirdpartyintermediariesconfidencecodeandwiderissues190914.pdf>

<sup>2</sup> In this document, we use the term “market” as shorthand for referring to different segments of the energy sector. For the avoidance of doubt, this term is not intended to describe or otherwise suggest the approach that may be taken by Ofgem for the purpose of market definition in competition law investigations.

<sup>3</sup> As this letter seeks to address issues raised by stakeholders during our consultation and subsequent workshop, it primarily relates to price comparison websites and similar domestic price comparison models.

this time, we do not have sufficient evidence to suggest further intervention would be appropriate or proportionate. Additionally, we note the CMA's recent comments on the difficulties faced by Price Comparison Websites (PCWs) in obtaining tariff information from suppliers.<sup>4</sup> Any findings by the CMA on this issue may affect our approach going forward. As a result, we do not propose to pursue this issue further at this stage.

We expect suppliers to take compliance with their obligations seriously. We will be monitoring supplier compliance with the licence requirements in relation to TILs and tariff names. We encourage TPIs and other stakeholders to contact us about any concerns they may have about suppliers' compliance with these rules.

More generally, we would like to remind suppliers of their obligations under the Standards of Conduct (SOC) to treat consumers fairly, and to ensure that their representatives (including TPIs) do likewise. We are pleased that some suppliers actively consider fairness in the context of TPI engagement with current and future customers. We encourage other suppliers to consider doing the same.

If you have any queries on the content of this letter, please contact my colleague Thomas Lydon at [thomas.lydon@ofgem.gov.uk](mailto:thomas.lydon@ofgem.gov.uk).

Yours sincerely,



**Neil Barnes**  
**Associate Partner, Retail Markets**

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<sup>4</sup> The working paper in which the CMA notes these issues is available at: [https://assets.digital.cabinet-office.gov.uk/media/54ef378a40f0b61427000005/Price\\_comparison\\_websites.pdf](https://assets.digital.cabinet-office.gov.uk/media/54ef378a40f0b61427000005/Price_comparison_websites.pdf)

## Appendix 1 - Clarification of Standard Licence Conditions (SLCs)

### *Access to standardised tariff information*

To help consumers make accurate comparisons using their sites, PCWs need access to tariff information. Some TPIs have expressed uncertainty about the tariff information that suppliers are required to provide. In particular, they were uncertain about supplier provision of historical and/or collective switching tariffs.

It is our understanding that TPIs currently obtain tariff information from suppliers in a number of ways. This includes (1) direct from a supplier, (2) subscribing to a third party database and, as a backstop, (3) by finding this information directly on a supplier's website.

On the third of these methods, and to help TPIs understand what information they can expect to be able to obtain from suppliers, we have clarified the existing requirements below. This should make clear to suppliers their obligations with regards to displaying tariff information, while enabling TPIs to be confident about the tariff information they should be able to access.

We remind suppliers that Standard Licence Condition (SLC) 31B requires suppliers to prepare and keep a Tariff Information Label (TIL) on each of their tariffs which are Operational, and to publish each TIL on their website in a position that is capable of easily being accessed by any person.

We note that SLC 31B.13 defines "Operational" as meaning any Tariff which is available to Domestic Customers or which still applies to any Domestic Customer. This includes live evergreen tariffs, closed fixed-term tariffs, dead tariffs and collective switching tariffs.

### *Format of tariff information*

TPIs in the domestic sector have expressed concern about the way in which tariff information is provided to them by suppliers. In particular, it was noted that some suppliers provide multiple tariff names for the same core tariff. This practice can lead to consumers having to choose from an unnecessarily long list of similar tariff names on a comparison site, or being unable to find their current tariff in a list. This may add complexity to the switching process and potentially confuse the consumer, which could lead to ill-informed switching decisions. In turn, this may deter the consumer from further engagement in the energy market.

Consequently, we remind suppliers that SLC 22B requires them to only use one Tariff Name at any time, including when providing details of their tariffs.<sup>5</sup>

In SLC 1, we have defined "Tariff Name" as any name used by the licensee to describe, advertise or promote a particular tariff. We consider that any tariff name provided to a TPI for the purpose of price comparisons constitutes a Tariff Name under SLC 1.

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<sup>5</sup> SLC 22B.2(c) requires that, in any region, they must not use more than one Tariff Name for each Core Tariff at any time.

## Appendix 2 – Related initiatives

There are a number of upcoming and ongoing initiatives across Ofgem, government and industry relating to consumer, TPI and supplier access to consumption and tariff data. We consider that some stakeholders may find the following projects of interest.

### *Ability of TPIs to provide updates to consumers during a switch*

Where a consumer engages with a TPI, they often expect to be able to find out about the progress of their switch from that TPI, rather than having to contact the new supplier. We recognise that both the supplier and the TPI have a legitimate interest in developing a positive customer relationship. A number of TPIs have expressed concern that they are unable to provide their customers with detailed information about the status of their switch. At our November 2014 workshop, suppliers, TPIs and consumer groups broadly agreed that there is an opportunity to help consumers understand what is happening during their switches. We encourage stakeholders to work together to ensure that consumers are appropriately engaged and are treated fairly throughout the switching process.

We encourage suppliers and TPIs to contribute to Ofgem's work on data quality, which could enable TPIs to access more up-to-date information about the status of a switch and also reduce problems caused by poor data quality. Our June 2014 letter on industry data quality, ownership and governance asked Code administrators to review the data quality arrangements that support the switching process. This work was completed at the end of 2014.<sup>6</sup>

We will shortly be directing industry to set up joint gas and electricity working groups, after we have considered the terms of reference. We expect that one policy area for inclusion will be to consider whether it would be appropriate to release relevant data to TPIs via Electricity Central Online Enquiry Service (ECOES) and Single Centralised On-Line Gas Enquiry Service (SCOGES). This is because industry considered that there is potential to minimise certain problems (eg erroneous transfers) which result from poor data quality if TPIs were able to perform upfront validation of data. We encourage suppliers, TPIs and other relevant industry participants to play their part here in delivering better outcomes for consumers.

Should you wish to contribute to any of the working groups on this specific aspect of data quality, or for further information, please contact Ciaran MacCann at [Ciaran.MacCann@ofgem.gov.uk](mailto:Ciaran.MacCann@ofgem.gov.uk).

### *Reliable next-day switching*

On 10 February, we published our decision to lead a programme of work that will deliver reliable next-day switching by 2019.<sup>7</sup> This will involve replacing the existing and separate electricity and gas network-run registration services that support switching with a single, centralised registration service managed by the Data and Communications Company (DCC). The objective of this work is to achieve a fast, reliable and cost-effective switching process that will facilitate competition and build consumer confidence.

We have identified two main areas of interest for TPIs. Firstly, in order to achieve reliable next-day switching for consumers, TPIs will need to be able to provide suppliers with contract data very quickly. Secondly, as part of the re-writing of the systems that underpin the switching process, there is an opportunity to think about what data TPIs reasonably require to facilitate fast and reliable switching.

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<sup>6</sup> <https://www.ofgem.gov.uk/publications-and-updates/industry-data-quality-ownership-and-governance>

<sup>7</sup> <https://www.ofgem.gov.uk/ofgem-publications/93224/fastandreliableswitchingdecisionfinal.pdf>

We invite TPIs to provide their opinions on this issue by contributing to our consultation on the target operating model for moving to reliable next-day switching. The deadline is 10 April 2015.<sup>8</sup> The model describes, at a high level, how new business arrangements to support reliable next-day switching using a new centralised registration service are expected to operate.

If you have any questions about Ofgem's work on reliable next-day switching, please contact Andrew Wallace at [andrew.wallace@ofgem.gov.uk](mailto:andrew.wallace@ofgem.gov.uk).

### *Accessing tariff data from smart meters*

Consumption and tariff data will be stored in smart meters installed at consumers' premises. With the consumer's consent, third parties will be able to retrieve data from smart meters using the communications infrastructure being managed by the DCC. This may present a number of opportunities for TPIs to support consumers in better managing their consumption and costs.

To retrieve data via this route, a business may either become a DCC user in its own right or enter into a contractual agreement with an existing DCC user. To become a DCC user, the first step is to sign up to the Smart Energy Code (SEC).<sup>9</sup> Any SEC party can then go through the required steps to become a DCC User.

If you have any questions about the SEC, please contact [secas@gemserv.com](mailto:secas@gemserv.com).

### *Midata and Machine Readable Images*

Midata is a voluntary programme government is undertaking with industry, which over time will give consumers increasing access to their personal data in a portable, electronic format.<sup>10</sup> This has clear benefits for consumers engaging with the energy market, putting them in a better position to compare tariffs and make informed choices. The availability of this data is expected to facilitate both competition in the retail supply market and the development of the TPI sector. In particular, it may enable third parties to innovate and offer services to energy consumers that may not otherwise be available.

Government has also recently concluded a consultation on the introduction of machine readable images (eg Quick Response (QR) codes) on bills.<sup>11</sup> QR codes would contain key pieces of information about a consumer's usage and tariff information. This could be used during the comparison process, reducing the time and effort needed to search around for better tariffs. This will make it easier for consumers to engage with the market and compare tariffs. It also creates opportunities for TPIs to innovate and utilise the new technology.

If you have any questions about Ofgem's role in relation to Midata or QR codes, please contact Stew Horne at [stew.horne@ofgem.gov.uk](mailto:stew.horne@ofgem.gov.uk).

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<sup>8</sup> Our consultation is available on our website at: <https://www.ofgem.gov.uk/publications-and-updates/moving-reliable-next-day-switching-consultation-target-operating-model-and-delivery-approach>

<sup>9</sup> Details about signing up to the SEC, together with a SEC accession form, are available here: [www.smartenergycodecompany.co.uk/sec-parties/becoming-a-party-to-the-sec](http://www.smartenergycodecompany.co.uk/sec-parties/becoming-a-party-to-the-sec)

<sup>10</sup> Recent developments on Midata are available at <https://www.gov.uk/government/news/new-energy-data-sharing-systems-to-be-developed>

<sup>11</sup> Government decision on machine readable images is available at <https://www.gov.uk/government/consultations/a-consultation-on-proposals-to-amend-domestic-energy-supply-licence-conditions-requiring-provision-of-key-energy-data-in-a-machine-readable-format>