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Dear Adhir,

**SSE consultation response on final treatment of white label providers in the domestic retail market**

Thank you for providing SSE the opportunity to provide comment on this consultation. In general SSE welcomes the proposals outlined within the document as we believe the majority of the proposals will allow the white label (WL) market to develop and this will promote competition and customer engagement in the energy market.

However as we have previously mentioned we have serious concerns about the proposal to include the tariffs of our WLs in the calculation of the wide cheapest tariff message (CTM) as we do not agree that this is necessary and believe it may reduce competition as it will inhibit the degree to which new consumer brands will choose to enter the market. We are disappointed to note that these concerns have not been addressed and that Ofgem are continuing with the requirement for the wide CTM message between parent supplier (PS) and WL.

We are particularly concerned about how this proposal will work in practise with white label social tariffs like Ebico. Due to the nature of this product it is very difficult for a like for like comparison to be made. We note that this was taken into account in the consultation document and Ofgem did not include Ebico in the comparisons due to the fact that the Ebico offering is unlike any other presented in the document thus making comparisons dependant on the chosen payment method.

Since we detailed our concerns on CTM between PS and WL in our last consultation response we will not provide further information on this here.



Please see attached appendices for comments on the questions raised in the consultation document.

Yours sincerely,

Louise Murphy  
Regulation Manager, Markets

## **Appendix 1 - White Label Consultation Questions**

**Q1) Do you think the implementation date of our proposals is appropriate? If not, please explain your reasoning, suggest an alternative implementation date and provide evidence to support it.**

We do not believe the July 2015 implementation date is appropriate as it does not provide current suppliers of WL adequate time to deliver the required business and IT changes. Any proposed timescale should be sensitive to delivering good customer service and avoid suppliers having to rush through system or process changes.

Due to the fact there are separate sales teams for SSE and our white labels a number of significant non IT changes will be required in order to implement the wide CTM message between PS and WL. As a minimum new business rules will need to be established, call centre staff trained and scripts amended. To complete these amendments whilst maintaining a positive customer service experience will require a period of months not weeks. Also we are concerned with the short notice period that suppliers have been given to incorporate an explanation of the relationship between WL and PS every time the PS CTM is displayed in the WL correspondence and vice versa. We are currently exploring the practicalities of this proposal and are concerned that there is not adequate space to incorporate this message within the 'Could you pay less' box on our bills. Due to the additional work required to incorporate this message SSE would not be able to implement the new CTM proposals by July 2015.

With regards to the implementation of the IT changes to incorporate the requirements of the wide CTM between SSE and our white labels, we would need to undertake the following activities from the time that the consultation is concluded and definitive direction and timescales published:

- Gather detailed business requirements.
- Design & Code the Technical Solution.
- Test & Implement Technical Solution.

All of the above tasks will have discreet timelines that accompany them, unfortunately these proposed IT changes will also be impacted by a number of incoming Ofgem and DECC policies relating to billing and billing information which SSE needs to manage to ensure compliance, for instance: QR Codes, Energy Efficiency Directive requirements, potentially midata, further work on improving processes for faster switching, and notably Project NEXUS. Furthermore, SSE is also active in the telecommunications sector and there is significant regulatory change required in connection with switching processes in that sector



as well, which also places pressure on SSE's IT resource. These examples are by no means an exhaustive list.

For the proposed changes to be made before July would involve us working against a very demanding timeline which would potentially compromise good customer service and impact on the quality of the system change. These issues will all be to the potential detriment of the customer.

Please see Appendix 2 for details on timelines required to implement the wide CTM requirements.

**Q2) Do you agree that the amendment to the white label definition captures the policy intent of our proposals? If not please explain your reasoning.**

SSE is concerned that the amendment to the white label definition is too vague and open to interpretation. The current definition of WL in the temporary arrangement was based on the principle that WL need to be sufficiently distinct from their PS. It excluded any tariff that uses the brand name of a company within the corporate group of the licensed supplier. This exclusion aimed to ensure that suppliers did not create fake partnerships for the purpose of undermining the RMR tariff rules. The proposed minor amendment to the definition of the white label tariff is to ensure that the definition of white label is consistent with Ofgem's policy aims. SSE is supportive of the policy intent and wants to ensure that the 4 tariff cap of the RMR rules are not flouted by fake partnerships and agree that the opportunities provided by the proposed rules should only be available to genuine white label partnerships.

However, the proposed definition states it will only 'be considered a white label tariff when the partner supplier is not involved in its marketing. An example is provided stating 'a tariff proactively marketed in a licenced supplier web site would not be considered a white label tariff regardless of the brand name used'. The use of the word 'marketing' causes concern as many white labels whilst having their own web site and are independent companies in their own right, may decide to leverage the marketing strength of their parent supplier e.g. to support contract engagement with Internet Comparison Sites.

We believe that an explicit definition should be included and one that recognises that each WL and PS may seek to operate slightly differently, but that the general principles for all WL are the same e.g. a product / service supplied by a manufacturer / supplier to a 3rd party where the branding, sales and marketing are led by the 3rd party and the supplier provides the back end service solution e.g. wholesale purchase, customer service etc.



**Q3) Do you have any comments on our proposed supply licence changes in the supplementary appendices.**

SSE has no comments on the proposed condition changes in Appendix 3 of the consultation document.

