

Runpath

A Response to Ofgem's Consultation on "The
future of retail market regulation":
**"Explore how best to rely more on principles in
the way we regulate the retail energy market"**

Supplied by: Runpath Group Limited

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Who are Runpath?

Runpath Group Limited is an established, UK-based financial technology specialist providing digital 'product selection' and 'financial management' solutions to large scale D2C brands, intermediaries and institutions. More than 30 leading organisations leverage Runpath technology to:

- (a) help consumers research and select open market financial products across 18 specific verticals and
- (b) consolidate and digitise information about their financial 'everything' (107 product classes and thousands of provider and product combinations) using contemporary applications web wide.

The Runpath platform (upon which all applications are developed, tailored and deployed) also provides the banking, insurance, investment and retirement sector with large scale product distribution reach, equating to a potential 10 million unique users per calendar month.

Runpath take a Domestic Customer centric view in all technology developed. The Runpath platform is designed to evidence pre- and post-switch Domestic Customer states in the Utilities, and other, markets. This provides a strong audit trail to ensure that Domestic Customers have been treated fairly as they move from one Supplier to the next. The Runpath platform can be used to evidence a Domestic Customers payments, usage, and tariffs throughout their lifetime, not the just the lifetime of their relationship with a single Supplier.

Summary

In their role as an Ofgem accredited development house building online comparison tools for the Utilities switching market, Runpath welcomed the opportunity to assist with this open consultation, seeking to provide some light touch responses to the questions posed from a distinctly FinTech perspective.

Over the coming months we will be trying to launch new and innovative ways to help customers access switching tools. We are actively engaging with Ofgem around the methods that we are exploring and wanted to respond to this in the context of those on-going conversations. As such we have focused this response on Chapter 6 and the questions therein.

We are proud to be involved in contributing towards one of Ofgem's core objectives, namely driving more transparency, responsibility, and customer service focus in the Utilities sector.

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Relevant material

[The future of retail market regulation summary](#) and [Full Document](#)

[Feb-2016 workshop notes summary](#) and [Full Document](#)

[Standard Licence Condition \(SLC\) 25 – found on page 217](#)

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Runpath's Responses to the Questions Posed

Chapter 6: Exploring priority areas for reform

Q 17: Are the existing provisions of SLCs 25.1 and 25.2 the right ones for regulating sales and marketing activities (or are any additional principles needed)?

With the proposed removal of prescription from other areas of SLC25 it would be valuable to provide principles relating to the end-to-end switch process. These principles could offer guidance that fit into the demonstrated framework for TCF throughout the lifecycle of a domestic customer.

Although the principles adequately cover the "Pre-contract obligations" (*SLC 25.6, 25.7, 25.8, 25.9 & 25.10*) leading to a potential switch event, they do not cover some elements that are prescribed in SLC25:

1. Selection and training - *SLC 25.5*
2. Obligations at time of contract - *SLC 25.11 & 25.12*
3. Post-contract obligations - *SLC 25.13, 25.14 & 25.15*
4. Management arrangements - *SLC 25.16*

These prescriptive elements would usefully be grouped into two principles:

1. Supplier Treating Customers Fairly (TCF) principle
2. Employee suitability principle

Guiding principles in these areas should help to avoid potential confusion that a complete removal of prescription might bring in, whilst protecting the framework of responsibility that has been developed through prescription. Runpath would like to see a more supportive framework to help Suppliers in encouraging the good outcomes of innovation reach Domestic Customers.

Q 18: What, if any, prescriptive rules are needed in addition to the principles in SLC 25 to deliver good consumer outcomes?

If principles are introduced where prescription is being removed, then guidance should support TCF. However, if principles are not introduced to replace some areas where there is a lack of clarity in existing principles then prescription would be useful in providing clarity around objectives and responsibilities.

The point remains that prescription stifles innovation but that guiding principles sensibly grouped enable a framework for responsibility that protects Domestic Customers.

That being said what are the benefits of removing:

25.10 Where a Domestic Customer to whom the licensee or any Representative has provided an estimate or a comparison in accordance with this licence condition enters into a Domestic Supply Contract with the licensee, the licensee must maintain a record of the

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information which it provided to that Domestic Customer concerning that Domestic Supply Contract in accordance with this licence condition for a period of 2 years.

25.11 Where the licensee enters into a Domestic Supply Contract with a Domestic Customer, the licensee or Representative shall, either at the time that the Domestic Supply Contract is entered into or as soon as reasonably practicable thereafter, provide to that Domestic Customer all the information which the licensee or Representative reasonably considers the Domestic Customer would need having regard to the Objective and the licensee's obligation to secure compliance with the same.

25.16 The licensee must take all reasonable steps to establish management arrangements that facilitate the licensee's compliance with its obligations under this condition, including, as appropriate, steps to ensure that any agents and subcontractors of the licensee establish equivalent arrangements.

There is benefit in incorporating the prescriptive elements of these points into a framework of guiding principles.

Q 19: What engagement and monitoring process might be required to best operate SLC 25?

In the context of proposed SLC 25 alterations attempting driving more open and innovative approaches to the retail energy market:

1. Stronger and consistent Supplier communications with TPIs during the switch process would provide clarity to TPIs, and Domestic Customers.
2. A clear, standardised complaints processes that enable industry wide access to a regulated authority that would respond appropriately would allow agile monitoring against whether Third Party Intermediaries (TPIs) and Suppliers were treating customers fairly.
3. A platform to enable strong monitoring and audit capabilities to ensure that the principles of TCF are being adhered to throughout the lifetime of a Domestic Customer – not just from one Supplier to the next. Runpath has this capability by storing data in a logical format enabling Domestic Customers to access their information at an individual level, or anonymised data analysis to take place at a higher level.
4. Spot checking could help enforce responsibility and assess whether principles were being adhered to, or were effective.
5. Domestic Customer surveys could be employed.
6. An Ofgem accredited account system could be developed to allow customers to manage their utilities switches whilst providing a feedback loop to Ofgem on the activity in the market
7. Location specific research could be undertaken to assess the performance of principles

Specific points of interest

We completely agree that there are prescriptive elements in SLC 25 that discourage innovative opportunities to present Domestic Customers with better tariffs and switching options:

P.48 – 6.2 – this could be through helping consumers to access price comparison websites on tablets in face-to-face settings. Such innovation may be enabled by removing prescriptive elements in SLC 25.

P.50 – 6.14 - Responsible face-to-face selling by TPIs is an example of where innovation might deliver positive consumer outcomes

P.51 - 6.18. We are interested to hear whether stakeholders consider it necessary to continue to prescriptively set out when and how suppliers and their representatives should offer comparisons. There may be benefits of requiring a standardised approach in this area of potentially significant consumer detriment.

From an innovation and customer outcome perspective the journey is limited based on the existing requirements of showing comparison in a Whole of Market context. The Domestic Customer has entered all relevant information and should compare prices, but including products that cannot be switched to drives poor customer outcomes.

If prescription in certain areas was removed then customers could compare prices more quickly, cleanly and transparently. This might have the added benefit of driving all suppliers to engage in online comparison switching capabilities rather than forcing the Domestic Customer to go direct to the Supplier and effectively taking that Domestic Customer out of a comparison journey where they can compare the whole of market in an aggregated place.

The ability to drive communication around switching in an informed and transparent way will be helped by removing prescriptions around the journey that a TPI must put a Domestic Customer through to allow them to compare tariffs.

Being an Ofgem accredited site makes it very difficult to work out the best way to enable a Domestic Customer to switch and removing prescription around that and enabling accreditation on a principles basis would allow TPIs to test the best way to innovate in this space.

There are many tools that could be developed to help Domestic Customers access better tariffs. Centralised transaction management platforms are being discussed in other markets and couple aptly be applied here. Opening up Suppliers to specific requirements around providing billing and transaction information that allows industry and Domestic Customer access to usage and charges data would help drive competition and innovation.

Reconciliation and feedback during and after the switch event could be hardened and standardised across the industry to make the switching process easier for Domestic Customers to enter into and complete.

Allowing access on an on-going basis to meter numbers in a centralised way and developing methods of accessing meter readings online would drive more accuracy during comparison and allow other businesses to develop innovative tools for helping customers understand usage and expenditure.

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