



Making a positive difference  
for energy consumers

To: Energy suppliers, consumer groups and other interested parties

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Date: 13 November 2017

## **OPEN LETTER: IMPROVING CUSTOMER DATA & THE DATABASE REMEDY**

In my October speech to the Energy UK annual conference, I set out the importance of suppliers having accurate customer data and good systems in place which make it easy for the customer or a party they authorise to access their customer data. This is essential if we are to have a fully functioning and effective retail energy market that works for all consumers. It should enable people to make informed choices and to switch supplier quickly and reliably.

This letter sets out the steps we are taking and expect suppliers to take to achieve this aim. It also provides larger suppliers, as defined below, with notice that we expect them to be ready to transfer relevant customer data to us by April 2018 in order for us to create the database envisaged by the CMA remedy. This will entail a significant data cleanse process for large suppliers. This letter provides lead time for this exercise. We will update all other suppliers on the processes that will apply to them in summer next year. We are also continuing with our efforts to develop, test and implement more effective prompts for consumers to engage with their own supplier or with other suppliers. We will publish shortly the results of our first large-scale trial and our next steps.

### **Improving data quality and customer access**

The quality of customer data, particularly for those who have not switched suppliers for a while, is currently very low. This is simply unacceptable. It means switching takes longer than it should, can lead to failed switches unnecessarily, resulting in consumers perceiving the process as a hassle, when they stand to benefit the most.

I set out in my speech that we will consider making energy suppliers automatically pay compensation to consumers if their switch goes wrong. This will give suppliers a clear incentive to improve data quality for the benefit of consumers. We are aiming to consult on our ideas in spring next year.

In parallel, suppliers will need to cleanse their meter and switching data, if we implement our recently published proposals for delivering faster and more reliable switching.<sup>1</sup> This data cleansing exercise will also help ensure that more customers have error-free switches. Similarly, data cleansing will support the successful implementation of other initiatives such as the next phase of the Department for Business, Energy & Industrial Strategy's (BEIS)

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<sup>1</sup>[https://www.ofgem.gov.uk/system/files/docs/2017/09/delivering\\_faster\\_and\\_more\\_reliable\\_switching\\_consultation\\_0.pdf](https://www.ofgem.gov.uk/system/files/docs/2017/09/delivering_faster_and_more_reliable_switching_consultation_0.pdf)

Midata project-allowing third party electronic access to customer's energy data, with their consent. The Competition and Markets Authority (CMA) in their Energy Market Investigation recommended a range of remedies to improve competition by driving innovation and customer engagement. This included enhancing the Midata programme.

### **The CMA database remedy**

Encouraging more people to take part in the energy market remains a priority for us now and in the future. Government has been clear that it expects competition to continue after price protection for Standard Variable Tariffs has been introduced. For this reason we are moving ahead to create a database of customers who have been with their energy supplier on a default tariff for more than three years, in line with the CMA database remedy.<sup>2</sup> The implications for larger and smaller suppliers are set out below.

All suppliers should be aware that the licence conditions<sup>3</sup> require them to take all reasonable steps to ensure the relevant customer data is accurate and up to date. We consider these 'reasonable steps' include an audit of the data accuracy and actions necessary to address problems found in the audit before securely sharing the relevant customer data with us. Additionally, we consider that 'reasonable steps' includes ensuring that the data is cleansed, quality-checked, accurate and up to date and in the specified format. We may also specify in the Direction other steps that we consider reasonable for ensuring and protecting the accuracy of customer data.

#### **For large energy suppliers**

We will issue a Notice of Direction to **energy suppliers with over 250,000 domestic customers on default tariffs for three or more years** in December 2017. The Direction will require that suppliers are ready to issue first contact communications and provide us with their relevant customer data (for domestic disengaged customers only) from April 2018. Annex A shows the indicative timetable for large suppliers. Annex B contains the core customer data fields we will require from suppliers.

We estimate that over 95% of disengaged domestic customers are currently with suppliers with over 250,000 domestic customers on default tariffs for three or more years. We are therefore starting the data transfer and collection process with these large suppliers, partly for capacity reasons, and also because this is proportionate and consistent with our better regulation duties.

We are giving large suppliers notice now so they can prepare for the changes to their IT systems; they should commence work to cleanse and quality check their data. Suppliers should be ready to start providing accurate relevant customer data to us from April 2018.

#### **For other energy suppliers**

We will consider issuing a Direction to **energy suppliers with fewer than 250,000 domestic customers on default tariffs for three or more years** later in 2018, likely to be in summer 2018. We can confirm we will provide other suppliers with sufficient notice of our intention to issue a Notice of Direction nearer the time.

### **Next steps**

My database remedy team will contact suppliers shortly to arrange meetings to agree next steps. They will provide additional details alongside the Notice of Direction in December 2017. You can contact them at the above email address.

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<sup>2</sup> The CMA Energy Market Investigation (Database) Order 2016 required suppliers to be ready to send Ofgem the first tranche of the relevant customer data by 1 October 2017. The Order gave Ofgem flexibility to amend this timescale and we did so in our 7 July 2017 open letter. We also set out to provide suppliers with an update in the autumn and this letter provides the indicative timetable for affected suppliers.

<sup>3</sup> Standard Licence Conditions 56(3) (electricity supply) and 50(3) (gas supply).

These efforts by suppliers, combined with our planned energy market reforms, are essential components of our vision for a retail energy market that works for all consumers, now and in the future.

Yours faithfully

Dermot Nolan  
Chief Executive

## Annex A: Indicative timetable for large suppliers

<b>November 2017</b>	Open letter published
<b>Late November</b>	Ofgem holds meetings to brief suppliers
<b>Early December</b>	Ofgem issues Notice of Direction, including the data dictionary
<b>Early January 2018</b>	Ofgem issues Direction
<b>Early January</b>	Suppliers identify eligible customer base
<b>January</b>	Suppliers work with Ofgem to test two-way secure transfer process (upload of test files with no customer data and test of return path)
<b>End January</b>	Suppliers upload anonymised sample files for validation of data quality and compliance with the data dictionary. Receive feedback from Ofgem and implement changes.
<b>Early February</b>	Ofgem provides First Contact Communication (FCC) template
<b>February</b>	Suppliers scale upload of anonymised sample files to further test validation of data. Receive feedback from Ofgem and implement changes.
<b>Early March</b>	Suppliers issue First Contact Communications (FCCs) and amend customer records accordingly
<b>Mid-March</b>	Suppliers process First Contact Communications (FCCs) and prepare customer data to share securely with Ofgem
<b>Early April</b>	Suppliers start transferring securely customer data to Ofgem

## Annex B: Core customer data items

<b>Data field:</b>	<b>Description:</b>
Unique customer reference number	Unique customer reference number
Customer Title, Name	Account holder title, name
Customer Billing and Supply Address(es)	Customer Billing and Supply Address(es)
Dual Fuel Discount	Indicates whether the customer gets a dual fuel discount or not
Electricity Product	If the customer qualifies for the database for electricity
Paperless Billing - Electricity	Whether the customer has opted for paperless billing for electricity
Online account - Electricity	Whether the customer operates/signed up for their electricity account online
MPAN	Number of the electricity meter point
Distribution Network Region	The region that the MPAN falls into
Meter type - Electricity	The type of electricity meter To present deals that the user will qualify for
Tariff type - Electricity	Whether the user's tariff is for an Economy 7 product or whether it is for an unrestricted meter
Tariff name - Electricity	The name of the customer's current electricity tariff
Tariff Start Date - Electricity	The date the customer started on their current electricity tariff
Billing Frequency - Electricity	To what cycle the customer is billed for electricity
Payment Frequency - Electricity	How frequently/to what cycle the customer pays for electricity
Payment method - Electricity	How the customer pays for electricity
Standing charge - Electricity	Standing charge for the electricity tariff
Unit rate - Electricity	Unit rate for the electricity tariff
Number of hours rate(s) apply	How many hours the electricity tariff rate applies
From	What time the electricity tariff rate applies from
To	What time the electricity tariff rate applies to
Days of week rate(s) apply	Days of the week that the rate applies
Off Peak Unit rate	The off peak unit rate
Off Peak Number of hours rate(s) apply	The number of hours that the off peak rate applies
Off Peak From	The time that the off peak rate starts
Off Peak To	The time that the off peak rate finishes
Aggregated Annual Electricity Consumption	The actual annualised consumption in kWh over the past 12 months provided on the customer's bill. - Decimal points should not be provided. - The figure should be rounded to the nearest integer value - This figure should be calculated over the time that person has been responsible for paying the bill at that address with this supplier
Annual Peak consumption	The annualised consumption in kWh provided on the customer's bill at Peak rate

Annual Off peak consumption	The annualised consumption in kWh provided on the customer's bill at off-peak rate
Gas Product	If the customer qualifies for the database for gas
Paperless Billing - Gas	If the customer receives paperless bills for gas
Online account - Gas	If the customer runs the account online/signed up online
MPRN	Number of the gas meter point
Consumption Region	The region that the MPRN falls into
Meter type - Gas	The type of gas meter
Tariff name - Gas	The name of the customer's current gas tariff
Tariff Start Date	The date the customer started on their current tariff
Billing Frequency - Gas	To what cycle the customer is billed for gas
Payment Frequency - Gas	How frequently/to what cycle the customer pays for gas
Payment method - Gas	How the customer pays for gas
Standing charge - Gas	Standing charge for the gas tariff
Unit rate - Gas	Unit rate for the gas tariff
Annual Gas Consumption	The actual annualised consumption in kWh over the past 12 months provided on the customer's bill. - Decimal points should not be provided. - The figure should be rounded to the nearest integer value - This figure should be calculated over the time that person has been responsible for paying the bill at that address with this supplier
<b>Notes:</b>	
<ol style="list-style-type: none"> <li>1. This list is not exhaustive; it sets out the core customer data requirements.</li> <li>2. We may require additional data fields and if so these will be set out in the data dictionary accompanying the Notice of Direction.</li> </ol>	