

Note of Ofgem-BEIS Independent Suppliers Forum

13 October 2017

This is a note of the forum held by Ofgem and BEIS at Westminster Conference Centre, October 2017.

From	Rachel Clark (Ofgem) and Mark Holden (BEIS)
To	Independent Suppliers
Date	13 October 2017

Please see below for the agenda items and any relevant points to note which were not featured in the event slide pack.

Agenda Item	Notes
Introduction Rachel Clark (Ofgem) and Mark Holden (BEIS)	<p>Rachel Clark is the Independent Supplier Champion and the Switching Programme Director at Ofgem. Mark Holden is head of the Levy Control Framework & Energy Affordability in BEIS.</p> <p>The forum is designed to make it easier to engage with independent suppliers on Ofgem updates and consultations. There are now over 50 domestic and 70 non-domestic suppliers competing in the retail energy market.</p> <p>Following feedback from February's forum, we included more 'workshop' style sessions, which featured discussions in breakout groups. We also had some shorter presentations with Q&As.</p>
Welcome Speech (David Gray)	<p>The Ofgem Chairman provided a welcome speech. He reiterated that energy is an essential service and Ofgem expects suppliers to put the needs of consumers at the heart of their business, including the needs of vulnerable consumers, and to act in line with obligations.</p> <p>Independent suppliers play an important role in the energy market; they can create better outcomes for consumers by bringing greater choice and diversity through driving innovation and increasing competition. Ofgem's desire is that this leads to genuine consumer choice and competition not just on price, but also on customer service and product offerings.</p> <p>We are engaging more closely with suppliers and holding up a mirror to them - to show them what we see and challenge them on it. We encourage suppliers to engage with us early when things are not going as intended - it is much better to address concerns before there is consumer harm.</p> <p>We see benefits from suppliers that are coming in to serve groups of vulnerable consumers and from suppliers who are looking to provide genuine innovation by offering new products on the back of new technology.</p>

	<p>This Forum is one key joint initiative with the Department of Business, Energy and Industrial Strategy (BEIS) to make the regulatory framework more accessible.</p>
<p>Update on recent retail market announcements</p> <p>Steph Hurst (BEIS)</p>	<p>Steph Hurst provided an update on the recently announced. Draft Domestic Gas and Electricity (Tariff Cap) Bill.</p> <p>She encouraged suppliers to get in touch if you would like to discuss the draft Bill with Steph or her team. Written comments can be emailed to Sebastian.james@beis.gov.uk.</p>
<p>Faster more reliable switching</p> <p>Arik Dondi (Ofgem)</p>	<p>Arik Dondi provided an update on Ofgem's Switching Programme, drawing attention to the consultation that was still open.</p> <p>In particular, attention was drawn to key features of the preferred reform package and the impact assessment for it, the proposed orchestration of switching timelines, the proposals for a Retail Energy Code, as well as proposals for an industry led market intelligence service (MIS).</p> <p>Following the presentation, ISF participants were asked to workshop questions to identify the key areas of interest for them and how they wanted the programme to engage with them. This highlighted a preference for more frequent, less formal provision of information to ISF members.</p>
<p>Erroneous Transfers: consumer issues and supplier requirements</p> <p>Graeme Barton (Ofgem)</p>	<p>Ofgem provided an overview of erroneous transfers (ETs) and emphasised the significant consumer impact when they occur. The session was used to run through requirements in place in the Supply Licence to ensure suppliers take steps to prevent ETs (SLC14A.10-14A.11) and requirements in the Supply Point Administration Agreement (SPAA) and Master Registration Agreement (MRA) regarding the resolution of ETs.</p> <p>Ofgem highlighted that many independent suppliers have ET rates that are far too high and some are reportedly unfamiliar with their requirements, in particular requirements in the ET Customer Charter which detail important consumer protections in place after an ET occurs.</p> <p>There is significant senior level interest in Ofgem in the reliability of switching. Ofgem is asking all suppliers to reduce the number of ETs they experience. Ofgem is also strongly encouraging the SPAA/MRA ET Working Group (ETWG) to lead the development of meaningful industry-wide improvements to prevent and resolve ETs. The ETWG is currently developing an ET performance assurance scheme, which will be supported by automated industry-wide ET reporting. Ofgem will also have access to this gas and electricity ET performance data for all suppliers, which will be used for discussions with individual suppliers who are not performing well.</p> <p>In response to a question, Ofgem stated that there is no acceptable level of ETs and Ofgem does not plan to set suppliers a benchmark. It was emphasised that ETs are not an inevitable feature of the market as suppliers can prevent them. Ofgem wants to see a level of ET as close to zero as possible.</p>

<p>Half-Hourly Settlement</p> <p>Anna Stacey and Jenny Banks (Ofgem)</p>	<p>Ofgem provided an overview of the settlement reform project including an explanation of what half-hourly settlement (HHS) is and the approach being taken.</p> <p>Ofgem confirmed that we will provide regular updates on the settlement Target Operating Model (TOM) design work through stakeholder updates, monthly teleconferences and broader stakeholder engagement including bilaterals if requested. ELEXON will consult at key stages of the TOM design process. We also confirmed that we are using the 'Five Case' model to examine the strategic rationale for change.</p> <p>We provided an overview of the settlement reform team's consumer policy work including setting out the options which we are considering on access to data for settlement purposes.</p> <p>Following the presentation stakeholders were asked to discuss their views on the implications of each access to data option for:</p> <ul style="list-style-type: none"> a) consumers b) suppliers and their agents c) broader ambition to move towards a flexible energy system <p>Ofgem representatives on each table took notes of the views of participants which will be considered as part of the evidence base being gathered on access to data for settlement purposes.</p>
<p>Renewables Obligation update</p> <p>Julie Whiting and Arjan Geveke (BEIS)</p>	<p>BEIS explained the rationale for the EII exemption from the indirect cost due to the RO, the devolved arrangements, the change in methodology for RO setting and timings. It also explained the administrative and parliamentary processes.</p> <p>UPDATE</p> <p>The relevant committee in the House of Commons has now debated and approved the statutory instrument to introduce the exemption and the relevant committee in the House of Lords will debate this instrument on Thursday 30 November.</p> <p>BEIS encourages all suppliers to check whether any of their customers is eligible for compensation for the indirect cost due to the RO and FIT and put the LCCC's 'relevant arrangements' in place as soon as possible, if not already done so.</p> <p>Parliament has approved the statutory instrument to introduce the EII exemption from the indirect cost due to the CfD and the Departments has started to issue certificates to eligible businesses.</p>
<p>Future Retail Regulation- Customer Communications</p> <p>Fiona Cochrane-Williams, Moira Nicolson and</p>	<p>Ofgem discussed dynamic pricing tariffs as a case study for our planned changes to the customer communications rules in the supply licences. This gave suppliers a chance to express their thoughts on how effective current prescribed communications would be in communicating a complex, innovative, and future-facing tariff.</p> <p>Suppliers were asked about any areas where they believed the main risks lie in communicating this kind of tariff at all stages in the customer journey, and what information customers needed to be able to engage fully or in the best possible way with a dynamic</p>

Katherine Harris (Ofgem)	<p>tariff. This was followed by a discussion of how well current prescription would do in delivering these needs, where prescription has a place in future regulation of customer communications, and where suppliers might need more flexibility to operate.</p> <p>Finally, we discussed with suppliers how they could assure themselves and us that they could deliver positive customer outcomes in a world of increased principle-based regulation.</p> <p>The session found that there were mixed thoughts about how successful current communications could be in regard to communicating innovative new tariffs. There was support for Ofgem giving more flexibility to suppliers to create and communicate tariffs in a way that best suits the characteristics and preferences of their customers' profile.</p> <p>There was also an appreciation from some suppliers that in certain areas of communications with customers, there may be merit in a minimum standard to ensure all customers have access to these tariffs on a level playing field.</p> <p>In regards to assurance, there was an optimistic level of engagement from suppliers. Suppliers were open to finding new ways to assure Ofgem and themselves that good outcomes were being delivered, and were clear that positive outcomes were a large incentive for them in developing their policy and communications with customers.</p>
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