

## ZTP response to OFGEM call for evidence on Future Supply Market Arrangements

As an added value TPI operating within the UK energy market ZTP would like to contribute to this debate by responding to the call for evidence in areas where we feel competent to do so. Our responses incorporate views of our managed clients, where we have consulted, in regards to deficiencies in the current arrangements.

For Background ZTP is an independent privately owned TPI operating in the non-domestic side of the market and, aside from procuring energy contracts, performs billing validation and daily consumption reporting mainly to multi-site organizations through a bespoke web portal.

It is clear from our experience that the standard of customer service from suppliers is highly variable, even within segmented areas of the larger suppliers, and interpretations of industry codes, and data protection legislation is not consistent, with insufficient training frequently given to front line staff in our opinion. Customer service is not always adequately considered in responses both to customers directly and to ourselves as a customer's representative.

Our comments are from the perspective of non-domestic customers. We have only raised issues within our field, rather than commenting on wider issues.

### **Topic 1 – Guiding Criteria for a successful supply market**

1. Customers should be able to authorize a third party, with a more detailed knowledge of the energy market, to act on their behalf in energy matters under a formal arrangement recognized in the supplier license code. We frequently experience delay and non-acceptance of LOA's (Letter of Authorities) by certain suppliers, when the same document is accepted by others. This delay in some instances is exacerbated by reliance of the postal service to verify an LOA, even when the supplier has e-mail and telephone contact details for the client, and could be interpreted as a business protection device to delay switching decisions.
2. Customers should not be penalized by their size. Many of the current protections OFGEM have implemented drop away when a business is above the Micro-Business criteria. This creates a level where companies do not contest billing or deemed contract periods, even where they have grounds that the supplier is at fault, as the only channel is through expensive legal action. Perhaps the Ombudsman's scope could be broadened to cover contractual disputes, or a channel for independent arbitration be put in.
3. The speed of suppliers in performing a change of ownership (often referred to as a COT) in the non-domestic market is hit and miss – for a few days to several months in some cases. As there is little in the way of penalties for this, and delay may make it beneficial for a customer to renew, there is a disincentive from efficient processing by incumbent suppliers, and we have been informed on several occasions by some suppliers that there is a backlog of COT processing.

4. Accurate consumption data should be made available to customers, and / or their representatives. This should include anonymized consumption data for the 12 months prior to taking ownership of a property, as that both provides a benchmark energy usage to measure against, and necessary information to go to tender with. Currently this is frequently withheld under the excuse of “Data Protection Act” when it falls out of scope of the Act.
5. Default usage profiles for business types (in the line of the MDD Elexon maintain for NHH meters) should be industry standard for where new meters are installed to provide a benchmark for pricing. This would remove some extreme assumptions on DUOS charging.
6. Consideration should be given to clubs and societies which are unincorporated, and normally have to be contracted as a Sole Trader. The officers for these are elected annually, but any consumer debt would fall on the officer who placed the contract, even if they had resigned the office and had no influence on payment decisions. Perhaps the credit responsibility should transfer on re-election of officers, although I see this as possibly outside OFGEM’s remit. This needs to be balanced with the suppliers duty to protect their shareholders from bad debt.

#### **Topic 2 – Barriers to Innovation**

1. The incumbent suppliers being a gateway to data that the industry holds on a meter prevent fast response and cause inefficiencies.
2. No direct access by the customer and the customers representative to industry data held on ECOES and XOserves on their meters cements the suppliers hold, and prevent some easy wins on error correction.

#### **Topic 3 – Alternative default arrangements**

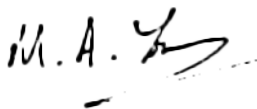
1. When a customer moves into a property there is a period between moving in and placing a contract that can be charged at very high deemed rates. This is often exacerbated by delays in the incumbent in processing the COT. There should be a mandated period of time, possibly between the moving in date and one month after the offer of a contract from the incumbent where a lower form of deemed charge should apply to remove the incentive for delayed processing. Where the incumbents contract is agreed a backdated contract price should be mandatory for a period of no less than two months, and longer if the COT took more than one month to be processed.

#### **Topic 4 – Consumer Protection**

1. As raised in the guiding criteria, a protection for business falling outside the definition of a micro business needs to be in any new market arrangements, including restrictions on rolled contracts.

2. Penalties on suppliers for incorrectly objecting to a supply switching should be considered, which would deter spurious objections and focus suppliers on efficient allocation of payments to debtor accounts.
3. As Smartmeters get rolled out more emphasis on actual readings and regular billing.
4. Mandatory TPI (including the PCW subgroup) registration should be implemented, recognizing TPIs as market participants and establishing a regulated code of practice. The funding and monitoring of this would need agreeing to still allow new entrants, but the benefits of being registered with read access to ECOES and XOserve will help clean the database of errors and reduce the volume of rework by suppliers, thus reducing their cost base. As part of this the role of the Letter of Authority" should be adopted into the Supplier Code as proof of a TPI working for a customer. It is noted that some suppliers provide access to ECOES to certain TPI's already, but lever this with requiring a number of contracts in proportion to the ECOES lookups made.
5. As with Suppliers, penalties for TPI's who miss-sell or fraudulently place contracts should be implemented to protect consumers.
6. Where suppliers bill for an extended period of time on estimated readings there should be compensation if the readings are consistently high. We have seen estimated reads extend over 12 months, in some cases ignoring customer readings provided.
7. Not billing customers should not count as debt for objecting to a supply move – we have seen a case of a supply not being billed for over 18 months and the supplier preventing switching on debt because of this.
8. All cost drivers that make up a bill should be visible to the customer, and their representatives to allow full billing validation of passed through charges. For example gas contract charging will include Standard Offtake Quantities, but verification of the charge is difficult due to lack of access to XOserve data.

**We look forward to seeing what comes out of this call for evidence in future consultations, and appreciate the opportunity to put views forward.**



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