

Note of Ofgem-BEIS Independent Suppliers Forum

18 May 2018

This is a note of the forum held by Ofgem and BEIS at Westminster Conference Centre, May 2018.	From	Rachel Clark (Ofgem), Mark Holden (BEIS) and Stephanie Hurst (BEIS)
	To	Independent Suppliers
	Date	18 May 2018

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
<p>Introduction</p> <p>Rachel Clark (Ofgem) and Mark Holden (BEIS)</p>	<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>We hold these forums to openly discuss policy areas affecting independent suppliers, what next steps suppliers could be expected to take and how suppliers might engage with Ofgem and us on specific issues. It also gives suppliers the opportunity to network with other industry participants.</p> <p>Following feedback from October's forum, we kept a mix of 'workshop' style sessions which included breakout discussions. We also had some shorter presentations with Q&As.</p>
<p>Welcome Speech</p> <p>(Rob Salter-Church)</p>	<p>Ofgem's interim Executive Director of Consumers and Markets gave a welcome speech. He stressed the important role that independent suppliers play in the market and encouraged them to voice their thoughts on the regulatory framework and the changes taking place.</p> <p>There are many changes happening in the energy market as well as at Ofgem. We have put in place a new streamlined organisational structure which will help us to better meet the changes and demands of the energy sector. As of April 2018, Ofgem has been organised into 3 directorates; Consumers and Markets, System Operation and Networks, and Corporate and Scheme Services directorate.</p> <p>Our priorities have been moulded by the current state of the market; and our desire to improve the outcomes all consumers get from the energy market. As part of this, we have designed a retail strategy to move us from the current state, to a market where competition works for everyone; products are tailored for vulnerable consumers, with fewer barriers to innovation, and most importantly, a retail market with higher levels of engagement.</p>

	<p>We are seeking to do this as we set out in our Forward Work Programme by:</p> <ul style="list-style-type: none"> • Taking quick action to put in place price protection for all customers by working to develop a tariff cap that will protect the 11 million customers on SVTs and other default tariffs • We are focussing on driving up the quality of service customers receive from their supplier. As part of this, we are committed to taking quicker and tougher action to clamp down on poor service; and will use our full suite of powers to achieve this • We will review our approach to licensing and dealing with supplier exit, looking at how we can ensure consumers are properly protected • A key part of our strategy is improving consumer engagement levels, we are running engagement trials such as an opt-in Collective Switch • We are looking at how we can create a future market where innovation that benefits the consumers is not obstructed by prescriptive regulation. <p>The Independent Supplier Forum gives suppliers the opportunity to hear directly from both Ofgem and BEIS on the latest policy programme developments and voice their thoughts and ask questions.</p>
<p>Faster, more reliable switching (REC) Jonathan Dixon (Ofgem)</p>	<p>Jon outlined the scope of the forthcoming consultation, which focuses on the introduction of a new dual-fuel Retail Energy Code (REC). This will initially focus on the governance of the new switching arrangements, including the functions of and interaction with a new market role, the Central Switching Service (CSS). However, it is also intended that the REC will simplify and consolidate the current retail governance, replacing both the gas Supply Point Administration Agreement and the electricity Master Registration Agreement.</p> <p>It is also intended that the REC is is a more accessible and agile code, being drafted in plain English, but with a longer term aim of being a fully web-enabled, navigable and query driven document. This work will be facilitated by an empowered and accountable Code Manager, who will be specifically tasked with provider greater support to REC parties.</p>
<p>Innovation Link Samuel Taylor and Daniel Kirk (Ofgem)</p>	<p>The Innovation Link team provide</p> <ul style="list-style-type: none"> • Feedback service, where organisations working on innovation propositions can get an informal steer on how to go ahead in the current regulation. This service gets excellent feedback and will continue. • A 'regulatory sandbox', where rules are relaxed to support a time-limited trial. We are currently working on the next evolution of this offer. <p>We are keen to hear from anyone working on innovative propositions. We would like to visit and hear more about what you're working on, and any challenges. We would also welcome suggestions for other services or support that would be useful that we don't currently offer. Contact daniel.kirk@ofgem.gov.uk or innovationlink@ofgem.gov.uk.</p>

<p>Ofgem's investigation into future supply market arrangements</p> <p>James Proudfoot (Ofgem)</p>	<p>James presented Ofgem's next steps following on from the future supply market arrangements call for evidence and other stakeholder events. This consists of a two-track approach looking to carry out short-term actions to protect consumers and unlock innovation as well as trialling more fundamental reforms. These will both feed into Ofgem's longer term strategy.</p> <p>Suppliers gave lots of valuable feedback during the workshop which looked at barriers to innovation in the market. They were generally of the opinion that because of regulatory complexity and the associated resource burdens this places on them, innovation tends to be deprioritised in favour of compliance. Suppliers believe that the regulatory burden should be less for smaller suppliers, and that there should be a consistent policy direction set by the regulator and government. The REC proposals were well received as a way in which we can rectify problems with codes and facilitate innovation in this space.</p>
<p>Retail price regulation</p> <p>Colin Down (Ofgem) and Sebastian James (BEIS)</p>	<p>Seb explained the progress of and next steps for the price cap Bill, as it progresses through parliament. In relation to Ofgem's consultation process for implementing the price cap, Colin explained the work done to date and next steps for implementing the price cap. He also thanked suppliers for their input to date and encouraged them to continue to engage.</p> <p>A supplier asked what the process would be if Ofgem's decision on the price cap were judicially reviewed – ie would the price cap be implemented or suspended whilst the JR was in progress. BEIS officials explained that their understanding is that the appealing party may apply for the price cap to be suspended, and it would be for the judge to decide whether to suspend or not. BEIS noted that it is unusual for decisions to be suspended, and usually only happens in extraordinary cases.</p>
<p>Sustainability First: Project Inspire</p> <p>Zoe McLeod (Sustainability First)</p>	<p>Zoe McLeod from Sustainability First, and Director of the consultancy Vulnerability Solutions outlined the key findings from Sustainability First's Project Inspire <i>Energy for All: Innovate for All report</i> on innovation and vulnerable energy consumers. The report, which was sponsored by a range of industry participants and Ofgem, aims to improve service delivery and quality of life for energy customers in vulnerable situations.</p> <p>Zoe explained that the report contains five vulnerability tools including: an overview of the current regulatory framework for innovation and vulnerability; four practical guides to standard, good, and innovative practice to help energy companies in: identifying customers with additional needs; improving access; supporting customers on low incomes and in debt;, and delivering customer safety and peace of mind. Also, a Sustainability First <i>Vulnerability Innovation Flight Path</i> - a practical checklist to help energy suppliers to think about how their internal processes and governance arrangements embed the needs of vulnerable customers. These can be found at: http://www.sustainabilityfirst.org.uk/inspire/reports</p> <p>The presentation was followed by a break out session where Groups discussed the barriers, and enablers they face to supporting vulnerable customers and made some recommendations for next steps of Sustainability First's work. These included: hosting a Dragon's Den type event where new innovations could be showcased and discussed to share new ideas; 'How To' guides on how to</p>

	<p>identify transient vulnerability; more detail on the intended outcomes of vulnerability regulations in the supplier guides to help with implementation; opportunities for networking between front line vulnerability organisations to share their learning; guidance on how to access funding for vulnerability innovation and research to explore whether networks would be better placed to deliver social obligations. Please get in touch with zoe.mcleod@sustainabilityfirst.org.uk if you would like to be involved in the next round of Project inspire.</p>
<p>Consumer Engagement</p> <p>Fiona Cochrane-Williams (Ofgem)</p>	<p>Fiona gave an overview of two areas of work that Ofgem is undertaking to promote consumer engagement in the domestic retail market. This work focussed on the activity relating to the CMA’s database remedy and the trialling of new prompts and services that Ofgem is leading. We explained that Ofgem is implementing a large trial that will notify consumers on default tariffs – by email or letters - of cheaper deals on the market, and that this trial is expected to go live in field over the summer. So suppliers with cheaply priced tariffs may end up with their tariffs listed on the communications. Suppliers who gain significant numbers of customers may be sent an RFI to help us understand how much they saved from switching.</p> <p>The presentation was followed by a Q&A session. There were a number of questions and comments raised relating to price being the focus of the intervention – and that for many consumers there are other factors of interest such as customer service or green credentials. There were also questions relating to data protection and how Ofgem was working with the ICO regarding these issues.</p> <p>Ofgem agreed to share information on what the ICO have said publicly on Ofgem’s consumer engagement work, particularly with regards to customer details being shared with Ofgem as part of the Energy Market Investigation (Database) Order 2016. As part of their GDPR guidance, the ICO have used the Database Order work as an example of where legal obligation applies for energy suppliers as the lawful basis for processing, stating “A retail energy supplier passes customer data to the Gas and Electricity Markets Authority to comply with the CMA’s Energy Market Investigation (Database) Order 2016. The supplier may rely on legal obligation as the lawful basis for this processing.” This information can be found at: https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/legal-obligation/</p>
<p>Supplier-customer communication proposals</p> <p>Fiona Cochrane-Williams and Katherine Harris (Ofgem)</p>	<p>Fiona and Katherine gave an overview of a policy consultation that Ofgem recently issued with proposals for changes to the rules relating to domestic supplier-customer communications. We are proposing to introduce five new narrow principles and remove a large number of detailed prescriptive rules. We expect this will provide better protection for all consumers, including the vulnerable, foster an environment where they get engaging, informative and useful communications, and provide room for suppliers to innovate. This will also put the onus on suppliers to understand the needs of consumers, and tailor their communications accordingly.</p> <p>The presentation was followed by table discussions, where we asked suppliers for their comments and questions on our proposals.</p>

	<p>Suppliers were generally supportive, with feedback focusing on how Ofgem will implement the changes, including our approach to monitoring compliance with the new principles. We clarified that while we don't expect suppliers to immediately change all their communications straight after any new rules come into effect, we do expect suppliers to satisfy themselves that they are delivering the outcomes we want to see for consumers. Over time we expect suppliers' communications to evolve to ensure this continues to remain the case.</p> <p>We are really keen to hear further views from all stakeholders, so please do send us your thoughts to futureretailregulation@ofgem.gov.uk by 21 June.</p>
<p>Energy efficiency and social programmes</p> <p>Hannah Clapham and James Morgan (Ofgem) and Andrej Miller (BEIS)</p>	<p>Ofgem provided an outline of the Energy Company Obligation (ECO) and Warm Homes Discount scheme (WHD) outlining the ways that supplier's interact with Ofgem and tips for newly or nearly obligated suppliers. In particular we encouraged newly or nearly obligated suppliers to engage with us as soon as possible ahead of the start of any obligation.</p> <p>BEIS provided an update on the ECO and WHD consultations which have both recently closed. BEIS is currently are analysing responses to both consultations.</p>