



By email only

James Crump
Senior Manager
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Name Paul Tonkinson
Phone 07989493019
e-mail paul.tonkinson@npower.com

1 November 2019

Dear James,

Supplier Guaranteed Standards of Performance for Switching - consultation on the introduction of further guaranteed standards and automatic compensation

Please find npower's response to the above consultation in the attached annex. It is not confidential and can be placed in the public domain.

Yours sincerely,

Paul Tonkinson
Regulation and Compliance
Oak House
1 Bridgwater Road
Worcester
WR4 9FP

[npower](http://npower.com)

Npower Group limited
Trigonos
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

T +44(0)1793/87 77 77
F +44(0)1793/89 25 25
I www.npower.com

Registered office:
Npower Group limited
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

Registered in England
and Wales no. 8241182

Annex - Supplier Guaranteed Standards of Performance for Switching - consultation on the introduction of further guaranteed standards and automatic compensation

Proposed Guaranteed Standard A: Compensation for delayed switches

Question 1: *Do you agree with our assessment that the likely costs and logistical difficulties of implementing an allocation of compensation on a case-by-case basis would be likely to outweigh the benefits? If not, why not?*

Yes. We agree that for the sorts of occurrences that the proposed standards are designed to prevent or, if they do happen, resolve, dealing with each on a case-by-case basis would be too resource and time intensive. The proposed approach is both pragmatic and provides the best value in terms of outturn for customers and costs to suppliers.

Question 2: *Do you agree that gaining suppliers only should bear responsibility for making compensation payments under Guaranteed Standard A? If not, why not?*

Yes. We agree.

Question 3: *Do you agree that measuring Guaranteed Standard A from the receipt of sufficient information to ensure that a contract has been entered into by the customer and to identify the relevant meter points to which the switch relates allows enough opportunity for a gaining supplier to effectively validate the switch? If not, why not?*

Yes. We agree. However, we also make the following points. As the proposed standard differs from the requirements of the Energy Switch Guarantee (ESG) (that Ofgem has highlighted in Table 2 of the consultation document¹), where a switch will take no more than 21 days from the date a new supplier receives a customer's completed application, this may result in some confusion on the part of customers.

SLC 14A requires suppliers to take all reasonable steps to complete a supplier transfer within 21 days of 'the Relevant Date'. This (the Relevant Date (SLC 14A.12)) being:
'(a) the day on which a customer enters into a contract with a new supplier; or
(b) if there is a cooling-off period, the earlier of:
(i) the day on which the cooling-off period ends;
(ii) if the customer and supplier agree that the transfer may proceed during the cooling-off period; and
(iii) 14 days after the day on which the customer entered into the contract.'

In practice, then, this may mean that suppliers will do different things in measuring their timing when transferring customers. How will Ofgem monitor this?

Question 4: *Do you agree that gaining suppliers will be able to measure when sufficient information is received for the purposes of reporting on Guaranteed Standard A? If not, why not?*

Yes. We agree, in principle, that we should be able to measure when sufficient information is received. However, the phrase is open to interpretation; ergo, without there being additional clarification, this may, in practice, be problematic.

The standard states: *'To ensure a switch is completed within 21 calendar days from the date the gaining supplier receives sufficient information to ensure that a contract has been entered into by the Customer and to identify the relevant meter point or meter points to which the supplier transfer request relates, unless there are valid reasons for delay to switch.'*

¹ Paragraph 4.16, page 21 of the 20 September 2019 consultation

Ofgem states in paragraph 4.26 of the consultation that: *'The 21-day period would be timed from receipt by the supplier of the last piece of information requested from the customer. If this information is sent electronically or provided over the telephone or in person by the customer, it is reasonable to consider this as being equivalent to the date on which the last information is provided to the supplier by the prospective customer. It should therefore be measurable by gaining suppliers, for reporting purposes, and should also be understood by the customer.'*

In paragraph in 4.33 of the consultation document, Ofgem asserts that information received from a price comparison website (PCW) or third party intermediary is within the supplier's gift to verify. In practice, it may not be so. Notwithstanding, it would be helpful for Ofgem to clarify that its statement in paragraph 4.24 that receipt of sufficient information being the point in time at which *'the supplier has collected all the information that it needs from the customer..'* would apply in the case of a switch originated through a PCW etc where the information provided is incomplete or wrong and has to be obtained from, corrected or verified by the customer. Otherwise, we see no reason for not being allowed to rely on the exemption set out in regulation 9(3)(e)(ii) of the 2015 principal regulations² in circumstances where a PCW etc provides inaccurate or incomplete information that results in a delayed switch.

Question 5: *Do you agree with the proposed exceptions and exemptions which we have applied to Guaranteed Standard A? If not, why not?*

First of all, what (if any) is the difference is between an exemption and an exception? Can you explain this, please?

Second, it is not clear if the exemptions/exceptions that have been put forward take account industry rejections; that is, those registrations rejected under MRA or SPAA. SLC 14A.3(c) provides for an exemption for a 21-day switch where: *'..(c) the licensee does not have all of the information it requires in order to complete the Supplier Transfer, despite having taken all reasonable steps to obtain the missing information from the Customer, and cannot readily obtain that information from another [sic] sources'*. Rejected registrations may fall into these circumstances (ie, a supplier receives a rejection and then takes all reasonable steps to resolve this by contacting the customer or obtaining the necessary information from other sources to meet the 21-day registration); however there is no explicit reference to this in the draft statutory instrument and as such may not be fully reflective of the licence conditions that the standard directly relates to.

Question 6: *Are there any other reasons for failing to complete a switch within 21 days which could warrant an exemption from paying compensation under Guaranteed Standard A?*

Bank holidays are taken account of in both the ESG and in the Citizens Advice Energy Rating assessment; this difference in approach is particularly apparent where there are two bank holidays in succession (as at Christmas and Easter) and where these are split by a w/e (because Saturday and Sunday are classed as non-working days). It, therefore, seems sensible to align this guaranteed standard to existing processes that cover similar areas.

Question 7: *Do you agree that suppliers implementing the Debt Assignment Protocol should not be exempt from making compensation payments if they fail to complete a switch within 21 days? If not, why not?*

Yes, we agree, but only if, as we believe and Ofgem appears to assert in paragraph 4.34, the Debt Assignment Protocol (DAP) does not require the debt being assigned to also be

² 'the act or default of a person who is not an officer, employee or agent of the supplier and who is not a person acting on behalf of an agent of the supplier;' The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015

transferred within 21 days. The losing supplier is in control of the debt dataflow; if this is delayed and the standard does require the debt to also be transferred with 21 days, this may require the gaining supplier to pay compensation for something over which they have no control. In addition, we would welcome confirmation that the 21 days begins from the moment that that registration is resubmitted after the initial objection required to start the DAP and where the assignment has been agreed with the gaining supplier.

Proposed Guaranteed Standard C: Compensation for erroneous transfers

Question 8: *Do you agree with our proposal that responsibility for compensation under Guaranteed Standard C should be borne by gaining suppliers only? If not, why not?*

Yes. We agree.

Question 9: *Do you agree that the trigger for making a compensation payment under Guaranteed Standard C should be the agreement between suppliers that a switch was undertaken with no valid contract in place? If not, why not?*

Yes. We agree. We would, though, welcome confirmation that the time should begin under this standard when the gaining and losing supplier agree that an ET has occurred.

Question 10: *Do you agree with the proposed exceptions and exemptions which we have applied to Guaranteed Standard C? If not, why not?*

Yes. We agree with the proposed exemptions etc.

Question 11: *Are there other reasons under which a supplier should be exempted from making a compensation payment under Guaranteed Standard C?*

No. We cannot identify any other reasons for exempting a supplier from making compensation payments under this standard.

Proposed Guaranteed Standard E: Compensation for delays in issuing final bills

Question 12: *Do you agree that responsibility for compensation for issuing a final bill after six weeks should be borne by losing suppliers only under Guaranteed Standard E? If not, why not?*

Yes. We agree. In the case of a change of tenancy (CoT), the standard should apply only after the supplier receives notification that the customer has left the property and so becomes aware that this (a CoT) has occurred.

Question 13: *Do you agree with the proposed exceptions and exemptions which we have applied to Guaranteed Standard E? If not, why not?*

In paragraph 4.83 of the consultation, Ofgem's guidance is that the standard is construed so that under normal circumstances a final bill should reach the customer within 6 weeks, yet the standard as set out in the accompanying draft regulations does not state that; it requires the issuance of a final bill (Ofgem interprets this as producing and dispatching).

Second, the exemption for disputed reads appears to conflate these with missing reads. These are separate issues and should be recognised as such.

Finally, the exemption for disputed bills seems to apply only in circumstances where a dispute is raised by the customer. Will the exemption cover customer-originated disputed reads (for example, where a customer provides a reading that prevents a bill from being issued)?

Question 14: *Are there any other reasons for failing to issue a final bill within six weeks which warrant an exemption from paying compensation under Guaranteed Standard E?*

SLC 27.17 requires a supplier to ‘*take all reasonable steps*’ to send a final bill. How does this standard complement that licence requirement? Compliance with the standard may lead to an increase in estimated and – hence possibly – incorrect bills; these can generate complaints as well as providing a poor customer experience. This could also lead to an increased number of disputed reads. We wonder, therefore, if there is scope for these circumstances to be accommodated in an exemption.

In the case of a CoT, the standard should only apply after the losing supplier receives notification that this has occurred (as per our response to question 12, above).

There are circumstances where customers move from one property to another, both of which are supplied by the same supplier. In seeking to provide a seamless and better customer experience, a supplier may choose to create one bill for the customer that covers the home move rather than a final bill per se. Such circumstances do not appear to be taken account of in the exemptions etc.

Question 15: *Do you agree with our assessment that it would not be proportionate to implement an open-ended requirement to pay compensation for enduring issues of detriment? If not, why not?*

Yes. We agree.

Question 16: *Would changing reporting requirements to allow Ofgem to collect data on the time taken to issue final bills or repay credit balances present a significant additional cost when compared with the current requirements?*

Inevitably, when changes to compliance reporting are suggested, there will likely be costs involved in making and implementing these. Whether or not the costs are ‘*significant*’ cannot be determined until suppliers have idea of what any changes comprise. It would be helpful, therefore, if Ofgem could give an indication of what these new reporting requirements might cover.

It is also the case that any additional reporting requirements under these proposed GSoPs may likely impact the existing market monitoring reporting requirements. If changes to the latter result, these will also attract a cost to make.