



OVO Energy
1 Rivergate
Temple Quay
Bristol BS1 6ED

policy@ovoenergy.com
www.ovoenergy.com

James Crump, Senior Manager, Faster and More Reliable Switching
Via email only: SwitchingCompensation@ofgem.gov.uk

31 October 2019

Supplier Guaranteed Standards of Performance for Switching Consultation - OVO Energy response

Dear James,

Founded in 2009, OVO Energy is the leading independent energy retail company in the UK and OVO Group's flagship energy brand, offering an unparalleled scope of digital energy services, solutions and technologies to its pay-monthly customers. OVO Energy redesigned the energy experience to be fair, effortless, green and simple for all customers. Today OVO Energy is a progressive energy company striving to deliver more abundant clean energy for everyone.

OVO Energy welcomes this consultation on Phase 2 of the Guaranteed Standards of Performance Switching programme. We strongly support Ofgem's goal of ensuring that consumers have the best possible experience of switching across the market through this scheme. We feel the efforts of the industry Working Group to form consensus on the proposals has resulted in the best possible, and most practicable, policy outcome.

Please see our full response to the consultation questions in the Annex. We have outlined our key arguments below.

Proposed Exemptions

OVO Energy broadly agrees with the exemptions outlined by Ofgem in the draft Statutory Instrument (SI) and consultation document. We believe all exemption scenarios should be clearly outlined in the Supply Licence. As is, we seek clarity on the following scenarios:

- **Debt Assignment Protocol (DAP) implementation** - Ofgem should make explicitly clear the timeline for a 21 day switch begins from the day the gaining supplier decides to implement the DAP.
- **Bilateral Erroneous Transfers** - Ofgem should make clear when and how compensation payments should be made in the case of bilateral erroneous transfers.
- **Notification of historic Change of Tenancy** - Ofgem should make clear that the 6-week timeframe for issuing final bills should be triggered when the supplier is notified of a historic change of tenancy instead of from the tenancy end-date.
- **Notification of de-energised supply** - Ofgem should make clear that the 6-week timeframe for issuing final bills should be triggered when the supplier is notified a supply is de-energised via industry flows, as these are subject to delay.

Faster Switching

As Faster Switching Go-Live gets closer, Ofgem should provide more detail about the relationship between the GSoP Standards and Faster Switching. We would urge Ofgem to open this up to industry consultation, and publish its decision in a timely manner. This will ensure sufficient regulatory scrutiny, and enable supplier confidence in their obligations. For these reasons, we would like Ofgem to commit to a clear timeline of GSoP review. We would propose this should be tied to Faster Switching and commence six months following the Programme Go-Live.

Price Comparison Websites (PCWs)

OVO Energy would urge Ofgem to proactively engage with PCWs in all forthcoming and future regulatory change, such as GSoP, as they become increasingly important market players and help facilitate the growth in switching. This would ensure a clear understanding of requirements among PCWs in a timely manner, to allow them sufficient time to adjust their systems and processes accordingly.

If you have any questions or would like further information, please contact policy@ovoenergy.com.

Kind regards,

Katherine Davies
Regulatory Lead

Annex: Response to Questions

- 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?**

OVO Energy agrees that a universalised apportionment of compensation payments to either the gaining or losing supplier is more preferable to resolving issues on a case by case basis. We hope it will simplify the process for consumers, and reduce possible logistical and operational burdens on suppliers.

- 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 with this Standard, and the arrangement that gaining suppliers should bear the responsibility for making compensation payments in the case of delayed switching.

We seek more clarity from Ofgem about how this Standard will interact with Faster Switching requirements, and if there will be a transition period immediately prior to next-day switching Go-Live. This is particularly pressing as Go-Live becomes increasingly imminent.

- 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 that the 21 calendar day timeframe will allow the gaining supplier sufficient time to validate a switch.

OVO Energy welcomes the wording of the draft SI which stipulates the 21 day period begins on the day of receipt of 'sufficient information'. A principles-based rather than prescriptive approach is preferable and will reduce operational burdens which may detract from meaningful activity in resolving issues.

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 will be able to measure when sufficient information is received for reporting purposes. This will require suppliers to establish and adopt robust business policies to establish their interpretation of 'sufficient information' in order to proceed with the switch and establish a valid contract with the customer.

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

Yes, we agree with Ofgem's proposed exemptions as in the draft SI.

As outlined in the consultation document, we support Ofgem's view that erroneous or delayed switches as a result of a switch from a PCW or broker should not be deemed a valid exemption from GSoP payments. We feel this will ultimately reduce logistical burdens in apportioning fault among a larger pool of industry participants, and the additional time this would take to agree - to further detriment of consumers.

However, we would urge Ofgem to proactively engage with PCWs and brokers to inform them about all forthcoming and future regulatory change, such as GSoP.

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?

We do not have any further exemptions to provide at this time.

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?

In establishing arrangements for the Debt Assignment Protocol (DAP), we agree that this should be included in the Standard on the provision that the 21 day window begins from the day both suppliers agree that the gaining supplier will take on a customer's debt. We would like Ofgem to clarify this in the wording of the SI.

We would expect that the timeframe for implementing the DAP would in most cases align with the 21 calendar day switch period. However the additional time pressure - particularly in instances of successive Bank Holidays - could mean that suppliers would

struggle to meet the deadline, despite best efforts. This could disincentivise gaining suppliers from taking on a customer's debt, jeopardising an effective policy which enables the most vulnerable customers to switch and engage with the market.

We would urge Ofgem to seriously consider this, and allow leiancy for suppliers for short delays (of 1 or 2 working days) in switching due to DAP implementation in this instance.

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 with this Standard and the arrangement that gaining suppliers should bear the responsibility for making compensation payments in the case of erroneous transfers (ETs).

In line with the outcomes of the industry Working Group, we feel the benefit of simplifying the process will outweigh the few cases where the gaining supplier is incorrectly at fault.

We expect that work currently being undertaken to cleanse industry data and establish the Central Switching Service as a single source of truth will significantly reduce the instances of ETs, and continue to improve consumer outcomes. However, the deadline for completion of this work is still far off when compared to Ofgem's proposed Phase 2 implementation date of Q1 2020.

In the interim we would urge Ofgem to encourage industry to finalise this work in a timely manner, as this will mean suppliers will be better placed to improve their systems to avoid ETs driven by factors other than poor industry data.

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 that this Standard should seamlessly tie in with Phase 1 obligations for both losing and gaining suppliers to identify an ET and notify the consumer. If compensation payment for this Standard was triggered before an agreement has been made, there is considerable risk of complicating the customer journey; for instance that the consumer might be incorrectly compensated for an issue that is not confirmed as an ET, and the payment potentially would have to be returned to the supplier.

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 exemptions to this Standard put forward by Ofgem.

On the issue of fraudulent activity undertaken either by the consumer or a third party, we would ask Ofgem to support industry in developing best practice for identifying instances of fraud, and facilitate knowledge sharing with the help of third parties.

OVO Energy is concerned that an unintended policy consequence may be that some suppliers unnecessarily increase the volume of information requested from the new customer prior to accepting a switch application. This would be done with the intention to avoid an ET due to fraud and reduce supplier commercial burdens of paying GSoP. There is a significant risk that such an approach could become overly burdensome for consumers and may disincentivise switching. We feel that efforts would be far better placed if Ofgem supported suppliers in sharing knowledge and identify trends in fraudulent activity to avoid asking consumers for excessive information prior to accepting a switch. For instance, Meter Point Administration number mismatches on the National database could be resolved through industry cooperation.

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

OVO Energy believes that the case of bilateral ETs, when a supplier takes on the wrong supply leading to multiple further ETs on the part of other suppliers, should be considered as a valid exemption to this Schedule.

At the very least, Ofgem should provide guidance about when and how compensation payments should be made, and if the consumer is eligible for multiple compensation payments from multiple suppliers. Although this is a very rare issue, we feel that suppliers who gain the wrong supply as a result of the initial mistake should not be deemed as at fault due to failure to validate the supply site, as this would genuinely be out of their control. Ofgem could also support in outlining industry-wide practice to ensure that consumers are treated fairly and consistently across all suppliers.

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 with this Standard and the arrangement that losing suppliers should be responsible for making a compensation payment if they fail to issue a final bill after six weeks of losing a supply.

However with this Standard we have some concerns that customers may mistakenly view the process as double-charging: billed first to an estimated read and then again to accurate reads. Whilst we welcome Ofgem's clarity in the consultation document that suppliers must treat consumers fairly, Ofgem should make it clear to suppliers that must not 'game' the Standard by final billing customers to inappropriate estimates. Additionally, Ofgem and suppliers need to be clear with consumers that a final bill within the six week timeframe might require a subsequent bill, to avoid such concerns.

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

Yes, we agree with Ofgem's proposed exemptions as in the draft SI.

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?

In the case of Change of Tenancy, we would like Ofgem to confirm that the timeframe for issuing a final bill should be triggered when the supplier is notified of a change of tenant. Ofgem should clarify this in the wording of the SI.

OVO Energy would also like Ofgem to consider instances where industry has delayed notifying a supplier of a de-energised property as a valid exemption under this Standard. Suppliers in this case are dependent on timely industry flows to be notified of disconnected, de-energised and demolished supplies. These are frequently subject to delays and are genuinely outside of the losing suppliers' control.

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 with Ofgem's view not to implement an open-ended requirement for additional payments.

OVO Energy believes that GSoP switching compensations provide more than enough incentive for suppliers to improve systems and processes to avoid customer detriment in the switching process. However, issues that take longer to resolve than the stipulated timeframe are in the majority of cases highly complex, involving a variety of players and processes. We would strongly urge Ofgem not to punish suppliers who are already working hard to find solutions to these cases by demanding additional compensation be paid.

Furthermore, OVO Energy would argue that allowing suppliers to make compensation payments ad infinitum will reduce consumers' confidence that suppliers are making their best efforts to resolve switching issues in the first instance. This risks suggesting that suppliers are more willing to 'throw money' at problems rather than resolve system errors.

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?

OVO Energy would not expect to incur significant additional costs to a change in reporting requirements in order to collect data on time taken to issue final bills or repay credit balances.

However, when reviewing GSoP reporting requirements OVO Energy would urge Ofgem be clear about its rationale. We feel this data is not constructive unless it is supported with qualitative case studies that allow Ofgem and industry alike to understand the drivers behind complications around returning credit balances and issuing final bills, and support their resolution.

When considering changes to reporting for GSoP, Ofgem should also conduct a thorough consultation and allow suppliers to provide feedback on a draft template.

SUBMISSION ENDS.