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1 November 2019

Dear James,

Supplier Guaranteed Standards of Performance for Switching: Consultation on introduction of further Guaranteed Standards and automatic compensation

Thank you for the opportunity to respond to this consultation and the draft Statutory Instrument (SI) to implement further Guaranteed Standards of Performance (GSoP) for Switching.

We welcome the thorough process that Ofgem has followed in developing and consulting on these significant changes. Ofgem's decision to convene an Industry Working Group and to carry out a full impact assessment has allowed for meaningful industry input and adequate time for consideration and response. We would encourage Ofgem to adopt a similar approach for future policy development.

Our answers to the consultation questions are in Annex 1 and our key points are as follows.

Guaranteed Standard A (to ensure a switch is completed within 21 calendar days)

We welcome Ofgem's decision to remove the requirement for the losing supplier to pay compensation in relation to Standard A, and we agree the proposed new standard is better targeted at the parties most often responsible for consumer detriment.

We agree that suppliers implementing the Debt Assignment Protocol (DAP) should not be exempt from making compensation payments, but we disagree with Ofgem's suggestion that there should be no allowance made for the additional time taken to follow DAP processes. Given that the DAP process can take 17 working days (and much longer where flows are rejected), we think the 21 days should be measured from the point at which agreement to proceed with DAP is made between both suppliers (through the receipt of a valid D0308 from the losing supplier).

Guaranteed Standard C (to ensure a consumer is not erroneously transferred)

As with Standard A, we welcome Ofgem's decision to remove the requirement for the losing supplier to pay compensation in respect of Standard C and believe this will mean it is better targeted at the parties most often responsible.

However, as noted in our letter of 30 August in response to Ofgem's RFI, we remain concerned that the Guaranteed Standards for ETs are not well targeted, and can require the contacted supplier to pay disproportionate amounts of compensation in situations where it has taken all practicable steps to resolve the ET. For example, in every reported failure in our Q2 2019 submission, it was not ScottishPower's fault but the fault of the non-contacted supplier (with whom we had escalated the ET multiple times). Failures against Standard 6A subsequently result in failures against Standard 6B, resulting in us paying £60 and the other supplier only £30. Such poor targeting is inefficient and risks distorting competition. The additional Standard C proposed in this consultation will take the total potential compensation to £120 (plus additional payments for any delays). While we accept that ETs can be particularly distressing for customers, and that compensation payments should be due when this happens, we believe the total amount of compensation is becoming disproportionate. We would again encourage Ofgem to consider amending the existing Standard 6B so that it is payable only when 6A has not also been triggered.

Guaranteed Standard E (to issue final bills within six weeks of a switch)

Ofgem is proposing that Standard E will apply to all instances where a customer's relationship with a supplier ends and a final bill is issued, i.e. both Change of Supply (CoS) and Change of Tenancy (CoT) events. In CoT events, we think compensation should only be payable where the customer has informed their supplier promptly, in line with their terms and conditions, that they are no longer responsible for the supply. Suppliers should not be held responsible for failing to issue a bill within 6 weeks of a customer's move out date if the customer has delayed informing their supplier.

We would also note that where a customer switches from an appointed SoLR shortly after the new supplier is appointed, depending on the quality of the data received from the failed supplier, it may take longer than normal to issue a final bill. In these circumstances we think it would be appropriate for the appointed SoLR to be exempted from paying compensation under Guaranteed Standard E.

We have suggested in Annex 2 amendments to the draft SI to address these points.

Limitations on Additional Standard Payments

We support Ofgem's decision to retain the existing limitations on Additional Standard Payments and not to introduce unlimited compensation payments. Whilst we agree that suppliers should be accountable for failures against the GS, they should not be exposed to disproportionate compensation costs.

If it would be helpful we would be pleased to discuss our response further with you. If you would like to do this or have any questions, please contact me or Pamela Smith (pamela.smith@sccotishpower.com).

Yours sincerely,

A handwritten signature in blue ink that reads "Richard Sweet". The signature is written in a cursive, slightly slanted style.

Richard Sweet
Head of Regulatory Policy

**SUPPLIER GUARANTEED STANDARDS OF PERFORMANCE FOR SWITCHING
CONSULTATION - SCOTTISHPOWER RESPONSE**

Q1: 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?

Yes, we agree. To allocate responsibility for compensation on a case by case basis would be a cumbersome and costly task, with the need for a dispute resolution process to resolve supplier disputes. This would in turn increase the costs and complexities involved in the overall process. We believe the proposed new Guaranteed Standards (GS) correctly target the party most often responsible for the consumer detriment.

Guaranteed Standard A (to ensure a switch is completed within 21 calendar days)

Q2: Do you agree that gaining suppliers should bear responsibility for making compensation payments under Guaranteed Standard A? If not, why not?

Yes, we agree that the gaining supplier should bear responsibility for making the compensation payment, for the reasons given in our December 2018 consultation response.

Q3: 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 proposed measurement should allow sufficient opportunity for a gaining supplier to effectively validate the information provided. In the majority of our sales, sufficient information is collected and processed at the point the customer enters into the contract, or shortly afterwards. Where this does not happen, and data has either failed our internal validation or there is missing data, we are comfortable that we are able to resolve this by contacting the customer or reviewing industry data to ensure any delay to the switch is minimal.

Due to the importance and risk of erroneous switches, we agree that the measurement should begin at the point the supplier has collected all the information to reliably identify both the customer and the location to enable the switch to proceed.

Q4: 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, as above, the majority of sales will be measured from the date the customer enters into the contract. In the cases where insufficient information has been provided at the point of sale, we are satisfied that internal validations will highlight this issue, and that the subsequent resolution of the validation error can be measured for reporting purposes, and ultimately for making GS compensation payments.

Q5: Do you agree with the proposed exceptions and exemptions which we have applied to Guaranteed Standard A? If not, why not?

Yes, we agree that the proposed exceptions and exemptions seem sensible. The drafting in the Statutory Instrument (SI) makes it clear that Guaranteed Standard A does not apply where the supplier transfer cannot be completed because the customer's current supplier objects to it. This is important because the reason for an objection is unknown to the gaining supplier at the point of application, and hence, until the objection is resolved, no transfer can proceed and the matter is outside the gaining supplier's control.

Q6: 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?

No, we do not believe there are any other reasons for failing to complete a switch within 21 days at this time.

Q7: 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?

We agree that suppliers implementing the Debt Assignment Protocol (DAP) should not be exempt from making compensation payments, but we disagree with Ofgem's suggestion that there should be no allowance made for the additional time taken to follow DAP processes.

Ofgem says that, based on its assessment of the DAP process, as set out in the Master Registration Agreement (MRA) and Supply Point Administration Agreement (SPAA), it considers that implementing the protocol should not prevent suppliers from switching a customer within 21 days, and therefore suppliers implementing the DAP in a switch should not be exempted from making compensation payments if they fail to complete a switch within 21 days.

This is not our understanding of the situation. In order to initiate the industry DAP, the gaining supplier must have submitted a notice of registration and subsequently received an objection notice from the losing supplier. At this point, under the MRA and SPAA, there are defined timescales for the exchange of information to allow the transfer to proceed under DAP. Following the defined timescales and using all working days available, the process would take up to 17 working days (see table below). Although the process can complete quicker, depending on how quickly flows are issued by each supplier, it can also take much longer where flows are rejected (see process map from the MRA Procedure (MAP 13) in Annex 3).

Supplier	Action	SLA (Working Days)
Gaining Supplier	Respond to the Objection of the Gain with D0306/806 Flow	4
Losing Supplier	Respond with the D0307/807 Flow	4
Gaining Supplier	On receipt of valid D307/807, respond with the D0308/808 to advise progressing with switch.	5
Losing Supplier	Validate the D0308 and either Accept or Reject	4
Total		17

We therefore think it would be unreasonable to measure achievement of this standard for DAP processes against the normal criteria (receipt of sufficient information to confirm the supplier transfer relates to the customer who requested it, and identify the meter point or meter points, to which the supplier transfer request relates). Instead, we think the 21 days should be measured from the point at which agreement to proceed with DAP is made between both suppliers (through the receipt of a valid D0308 from the losing supplier). We have suggested a drafting amendment in Annex 2 to address this point.

Guaranteed Standard C (to ensure a consumer is not erroneously transferred)

Q8: 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 that the gaining supplier should bear responsibility for making the compensation payment under Guaranteed Standard C, as proposed in this consultation. We do not believe that the proportion of ETs attributable to (or which could be prevented by) the losing supplier is of a level that would warrant any compensation to be paid by the losing supplier.

Q9: 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 the trigger for making a compensation payment should be the agreement between both suppliers. However, we believe it is important that a clear process and escalation procedure is agreed within the industry and monitored effectively by the ET Performance Assurance Board (ETPAB) in order to ensure the correct process is being followed consistently by all suppliers. We propose to raise this at ETPAB to take this forward.

Q10: 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 exceptions and exemptions which Ofgem is proposing to apply to Guaranteed Standard C.

We believe it would be helpful if the ETPAB includes a report on serial ETs to help guide the industry in monitoring and dealing with situations where customers continually raise ETs in order to fraudulently benefit from GS payments. We are proposing to raise this at ETPAB for further discussion.

Q11: Are there other reasons under which a supplier should be exempted from making a compensation payment under Guaranteed Standard C? If not, why not?

No, we do not believe there are any other reasons at this time. If, however, in the future any scenarios become apparent that are not captured within the SI exemptions, we will raise these through appropriate industry channels.

Guaranteed Standard E (to issue final bills within six weeks of a switch)

Q12: 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 that responsibility for paying compensation under Guaranteed Standard E should be borne by the losing supplier only.

Q13: 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 the exemptions proposed by Ofgem.

Q14: 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?

Yes, we have identified two scenarios where a supplier may be unable to issue a final bill within six weeks and where it would be helpful to confirm that an exemption would apply.

First, in a Change of Tenancy (CoT) situation, the customer may not notify the supplier of the CoT until well after the CoT took place. The supplier would then normally backdate the final bill to the date of the CoT, but may be unable to issue the bill within six weeks of the CoT. In these circumstances we think it would be reasonable, for the purpose of Guaranteed Standard E, to consider the supplier's responsibility for the supply of energy to the customer to have terminated on the date the supplier is notified of the CoT, and not the date the customer actually moved out, if this date was earlier. However, we believe it would be desirable to confirm this position and have suggested in Annex 2 an amendment to the draft SI.

Second, where a customer switches from an appointed SoLR shortly after the new supplier is appointed, depending on the quality of the data received from the failed supplier, it may take longer than normal to issue a final bill. In these circumstances we think it would be appropriate for the appointed SoLR to be exempted from paying compensation under Guaranteed Standard E. We would suggest that the exemption should apply to switches initiated within 3 months of the SoLR being appointed. We have suggested in Annex 2 an amendment to the draft SI to address this point.

Limitations on Additional Standard Payments

Q15: 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 assessment, and support Ofgem's decision to retain the GS compensation cap already in place for the new standards.

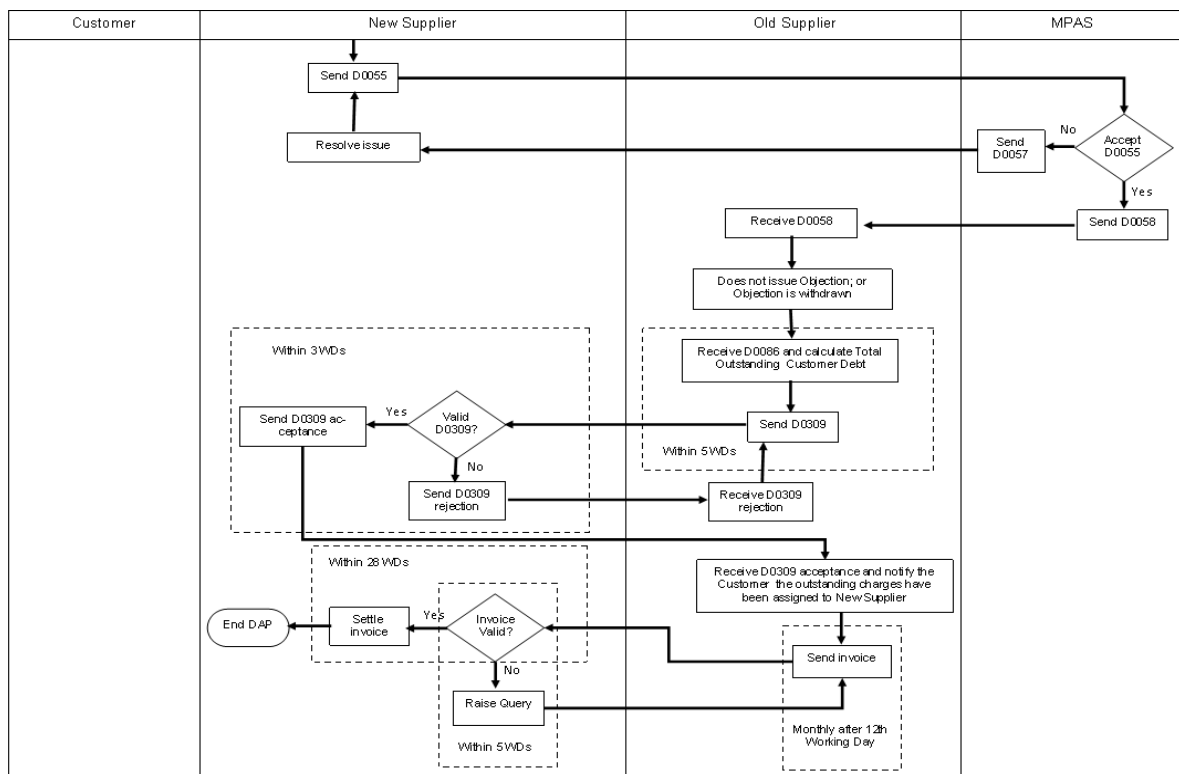
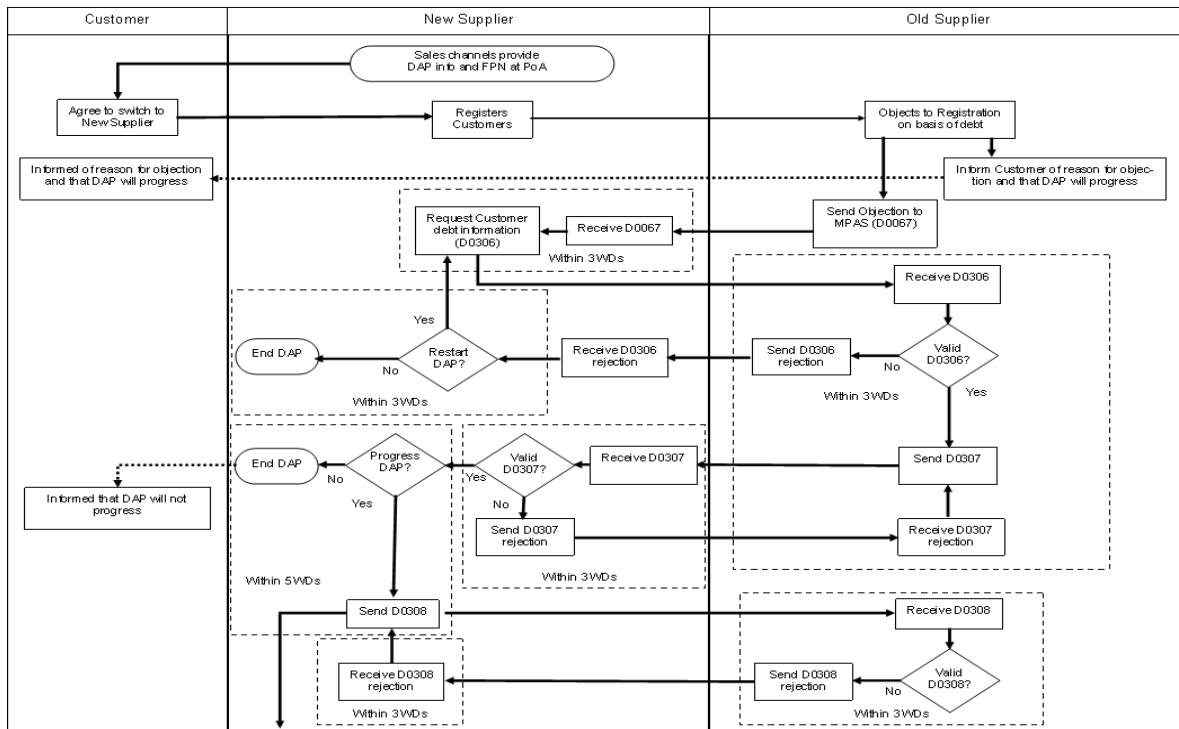
Q16: Would changing reporting requirements to allow Ofgem to collect data on the time taken to issue final bills or repay credit balances present a significant additional cost when compared with the current requirements?

We currently have metrics within our reporting which measure the issuing of final bills and repayment of credit balances. To introduce additional reporting to report on the time taken to issue final bills or repay credit balances would require a change to the reporting functionality. We don't envisage at this stage that this change would incur a significant additional cost, but this cannot be confirmed until the complete additional reporting requirements, including the frequency of reporting, are known.

SCOTTISHPOWER COMMENTS ON APPENDIX 1 TO THE CONSULTATION DOCUMENT SETTING OUT AMENDMENTS TO THE STATUTORY INSTRUMENT - THE ELECTRICITY AND GAS (STANDARDS OF PERFORMANCE) (SUPPLIERS)(AMENDMENT) REGULATIONS 2019

Reference	Suggested amendment	Rationale
Standard A - Obligation to complete a supplier transfer	<p><i>Amend as below:</i></p> <p>3) Where this regulation applies the new supplier must complete the supplier transfer -</p> <p>a) within the period of 21 days beginning on the day of receipt by the new supplier of sufficient information to -</p> <p>i) confirm the supplier transfer relates to the customer who requested it; and</p> <p>ii) identify the meter point or meter points, to which the supplier transfer request relates; and</p> <p>iii) where applicable, confirm that the losing supplier has agreed to proceed with the Debt Assignment Protocol; or</p> <p>b) where requested by the customer, on a date after the end of the period referred to in paragraph (a).</p>	<p>As noted in our response to Q7, if the defined MRA/SPA timescales are followed and using all available working days used, the DAP process would take 16 working days. Although the process can complete quicker, dependent on how quickly flows are issued by each supplier, it can also take much longer where flows are rejected. We therefore think the 21 days should be measured from the point at which agreement to proceed with DAP is made between both suppliers (through the receipt of a valid D0308 from the losing supplier).</p>
Standard E – Provision of a Final Bill	<p><i>Amend as below:</i></p> <p>3) Where this regulation applies a supplier must within 6 weeks of:</p> <p>(a) the supplier no longer having responsibility for the supply of electricity or gas to the customer; or</p> <p>(b) the date the supplier is notified that it no longer has responsibility for the supply of electricity or gas to the customer; (whichever is the later), issue the customer's final bill.</p>	<p>As noted in response to Q14, we believe that for a CoT scenario, suppliers should only be required under Guaranteed Standard E to issue a final bill within 6 weeks of the date the supplier is notified that it is no longer responsible for supplying the customer. We do not think it is reasonable to expect suppliers to pay compensation to customers who have delayed informing their supplier that they have moved out of a property.</p>
Paragraph 7(E) Regulation 9	<p><i>Insert the following exemption:</i></p> <p>d) the customer applies to transfer to a new supplier within 3 months of the old supplier's appointment by the Authority following a last resort supply direction.</p>	<p>As noted in our response to Q14, the poor quality of data received by an appointed SoLR can potentially lead to delays in issuing a final bill if the customer chooses to switch supplier quickly after the SoLR process. We would ask Ofgem to mirror the allowances implemented in Phase 1 in regulations 6A, 6B and 6C by including this exemption, to cover the scenario where a supplier has failed.</p>

DEBT ASSIGNMENT PROTOCOL (DAP) PROCESS FLOW CHART



[MAP13 v2.0 - Procedure for the-Assignment of Debt in Relation to Prepayment Meters](#)