



**Rachel Clark**

**Programme Director, Switching Programme**

**Ofgem**

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Dear Rachel,

**Re: Delivering Faster and More Reliable Switching: proposed new switching arrangements:**

The Utilities Intermediaries Association (UIA) [www.uia.org.uk](http://www.uia.org.uk) is a Trade Association which represents third party intermediaries (TPI's) in the utilities sector. We have been in operation for over 10 years and have sought to improve standards in the TPI market by having a premier Code of Practice and independent consumer redress scheme.

We agree that Reform Package 2a represents the best value option of those provided. However, while it is desirable to have a harmonised system which will keep pace with future industry developments, we are concerned by the scale of this project in terms of requirements being placed on market participants, and the subsequent costs which will be passed on to consumers. The creation of a Centralised Switching and Enquiry service is a huge undertaking and we feel that that when added to the other large- scale projects underway, will result in some participants choosing to exit the market, whilst deterring new entrants from joining.

A lot is riding on the assumption that switching is an indicator of a competitive market and increasing the time and ease of switching will result in greater engagement by consumers, but we remain unconvinced. The increase in number of suppliers, products, contract lengths available, ability for a consumer to switch in an instant, could achieve the opposite. As you have said in your Impact Assessment (IA), this will result in further costs being passed on to those who choose not to engage. Furthermore, we do not believe that sufficient time has been given to assess whether existing policies and remedies are working. We note that the modelling used to calculate benefits to consumers in the IA, is based on Standard Variable Tariffs (SVTs) being similar in design to what they are currently, ahead of any proposed price cap. Add to that the possibility of further measures being proposed in the near term (for example automatically switching disengaged consumers onto the best deals), then we are looking at significant interventions which undermine your analysis in the IA.

We feel there is a risk that more money and resources will be spent than is necessary. We would therefore advocate a more conservative approach, to allow time to see how policies are shaping up, and to allow market participants to concentrate on delivering on time and on budget the other large-scale projects required of them.

We do not agree with your assessment of industry costs for third parties. Making an assessment based on the direct feedback from one Price Comparison Website (PCW) is both unacceptable and dubious. More effort must be taken to engage not just with other PCW's but with the TPI community as a whole to understand the cost implications and give opportunity for third parties to feedback their thoughts. As a key enabler for competition, all third parties should be given greater input and consideration.

We welcome Ofgem's proposal for closer monitoring around the objection process, with regular reports by suppliers and on objection types, furthermore, randomised evidence checks should be conducted to ensure that the Change of Occupancy (CoO) Flag and Annulment options are not abused. In all cases, the incumbent supplier should be informed. We are concerned about reducing switching time still further (as proposed under RP1) for example it would be unrealistic to expect a consumer to settle a query within day and then have to go through the Erroneous Transfers process.

We are in support in principle of a Retail Energy Code, but would welcome more information on how you visualise third parties becoming acceded to it without formal regulatory powers being applied for.

Concerning the further deployment of The Data and Communications Company (DCC) Ltd for the Centralised Switching Service (CSS) and Central Enquiry Service (CES), we have some reservations. With only a fraction of the total number of smart meters logged on this system, it is not yet, in our opinion, a fully operable system. The DCC Ltd costs for 2016/17 were also significantly higher than forecast, which does not instil confidence. We hope that more consideration will be given to utilising existing industry expertise already available to you, rather than submit to a tick box tender exercise to show value for money.

Yours Sincerely

Rachael Gladwin

Director



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