

Note of Ofgem-BEIS Independent Suppliers Forum

7 December 2018

This is a note of the forum held by Ofgem and BEIS at Westminster Conference Centre, December 2018.

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| From | Rachel Clark (Ofgem), Jane Walker (BEIS) |
| To | Independent Suppliers |
| Date | 7 Dec 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 |
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| <p>Introduction from chairs</p> <p>Rachel Clark (Ofgem) and Jane Walker (BEIS)</p> | <p>Rachel Clark is the Switching Programme Director at Ofgem. Jane Walker is the Deputy Director for Energy Markets & 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 the previous 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>Mary Starks (Ofgem)</p> | <p>Ofgem's Executive Director of Consumers and Markets gave a welcome speech. She stressed the important role that independent suppliers play in the market especially on getting things right – (new entrants, customer service, trust and confidence in the market) and encouraged them to voice their thoughts on the regulatory framework and the changes taking place.</p> |
| <p>Welcome Speech</p> <p>Dan Monzani (BEIS)</p> | <p>BEIS Director of Energy Security, Networks & Markets gave a welcome speech. He covered better use of data and price cap before focussing on transformation – the Ofgem/BEIS comprehensive review of the retail markets and future strategy.</p> <p>Following a question on consideration of the impact on suppliers Dan and Mary reassured that we are conscious of the burden, minimising the impact on suppliers as much as we can and part of the purpose of event like the ISF to get information to understand the impact.</p> |
| <p>Complaints/SOR Data</p> <p>Monica Gandolfi and Evan</p> | <p>Monica presented on RFI for Dom and Non-dom complaints data, providing background on why we monitor complaints, the reason for changing the data requested and what is expected in the monthly and quarterly returns from suppliers.</p> <p>The following links may be useful and relevant.</p> |

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| <p>Williams (Ofgem)</p> | <p>Complaints guidance Published Data</p> <p>If you have any questions or comments on the complaints data request please contact Complaints_Data@ofgem.gov.uk</p> <p>One question was raised on the number of suppliers shown on the website - Monica explained this was down to having enough data for a trend (min 12 months), and indeed have 12 suppliers showing under the small supplier section. Ofgem’s aim was to increase this number as quickly as we can.</p> <p>Evan presented on the consultation on updating some of the questions that suppliers are asked for SOR. He explained the aim is to reduce the amount of questions, having found we aren’t able to use some of the information gathered in monitoring and compliance activities.</p> <p>The consultation is available on the website and closes on 24 January 2019. We are keen to hear your thoughts. If you have any questions or comments please contact evan.williams@ofgem.gov.uk</p> <p>Concern was raised over length of time being given following the change before new data is required – Evan confirmed that if more time is needed it can be looked at, however it was expected to be about a year after we publish the decision so therefore suppliers should have enough time to make any necessary changes.</p> <p>A further point was raised around different ways of requesting data (email, huddle, etc) meaning that returns can’t be created automatically – and data for SOR is different for complaints and any other RFI.</p> <p>Monica and Evan both confirmed our aspiration would be consistency also, and that we are working towards a bigger exchange system with common interface.</p> |
| <p>Unidentified Gas</p> <p>Fiona Cottam and Alex Stuart (Xoserve UIG Task Force)</p> | <p>Fiona and Alex gave an introduction to Xoserve.</p> <p>UIG is a hot topic at the moment and Xoserve have established a taskforce to look for solutions. The presentation covered progress so far. Fiona and Alex noted that Xoserve can’t raise a modification to the codes themselves – they would need a champion to do it for them.</p> <p>A question was raised over engagement with suppliers as most seemed to be with shippers. Fiona confirmed that all of their material is in the public domain and they try to engage with suppliers as much as possible.</p> <p>UIG Taskforce</p> |
| <p>Smart Meters</p> <p>Julian Rudd (DCC)</p> | <p>DCC presented on engagement with customers – ensuring effective engagement so that when allocating funds suppliers have contributed to they have more of a say.</p> <p>The interactive session involved the individual tables being asked to input on a series of questions surrounding engagement, and each table fed back their top key messages to the room.</p> |

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| | <p>Consultations Closing date – 31 January 2019</p> |
| <p>Supplier Licencing Review</p> <p>Jeremy Strump-Adams (Ofgem)</p> | <p>Jeremy presented on the consultation for Supplier Licencing Review. He reiterated that the market has increased a lot in competition but also in failures – seven so far this year.</p> <p>Compliance team are seeing issues where when suppliers get into financial difficulty customer services seems to dip and we are seeing a link between that and failure.</p> <p>The barriers for entry seem relatively low and not right for where the market is now.</p> <p>Jeremy confirmed that the RFI will focus on credit balances, what they are, the outliers and if they are being used as working capital for suppliers.</p> <p>A question was raised as to whether it would be possible to minimise the burden on most suppliers, and asked if might be an idea to consult first with smaller suppliers who at higher risk.</p> <p>Jeremy responded that not all of the failed suppliers were small, we want to ensure that we are fully sighted and will be asking all suppliers.</p> <p>Further questions followed around data reviews and using different systems to engage, it was confirmed that this is progressing, and again that the ambition is to have a simple coherent portal that allows data sharing.</p> <p>When asked how the information will be used Jeremy confirmed that this will be used to further engage with suppliers, and allow us to be better equipped should they fail.</p> <p>Further concerns were raised around whether imposing restrictions on growth would impact on a supplier’s ability to remain in the market. On the other hand, continued growth could mean more customers being at risk in the event of failure, and costs being passed to the rest of the industry. Ofgem needs to protect all consumers and ensure ongoing resilience.</p> <p>Consultation Closing 23 January 2019 licensing@ofgem.gov.uk</p> |
| <p>Default Tariff Cap</p> <p>Andrew Tuffin (Ofgem)</p> | <p>Andrew Tuffin presented on the default tariff cap, with a focus on compliance, scope, and the cap level itself.</p> <p>Questions included derogations for green tariffs, (double protection) TOU tariff splits (already published) and again questioning the RFI and timescales provided for responding (nothing has been decided).</p> <p>Andrew also covered the risks where the cap goes up, and remaining vigilant about external impacts (Brexit) as those instances won’t be mechanically worked out, but we will still keep an eye on them.</p> |

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| | <p>Final Decision Retailpriceregulation@ofgem.gov.uk</p> |
| <p>Market-wide Settlement Reform</p> <p>Anna Stacey (Ofgem)</p> | <p>Anna Stacey presented on project for half hourly settlement. This covered why we are doing it, the business case, operating model and how to get in touch.</p> <p>Anna confirmed that compliance is being looked at separately to the operating model, and still looking at the evidence to make a final decision.</p> <p>Specifically, Anna wanted to hear from suppliers about the impact. An RFI would be come out in the spring, to work towards an impact assessment, and it would be important to know what was going on, especially big changes in forecasting, potential for more volatility, susceptibility to local events, system cost changes and transition.</p> <p>Questions were asked around benefit analysis, and how they can ensure it won't double count figures that have already been used as justification. Anna confirmed the team were working closely with Office of Chief Economist and BEIS to ensure the project will deliver to the right incentives, there is a technical way of doing things (paying attention to TCR) and the benefits case is very important, innovation and competition underpins future developments, we will be looking at these as well.</p> <p>A further question was asked around coherence between the approach on network changes and TCR, and Half Hourly Settlement. Anna confirmed that the two teams were working together.</p> <p>Website half-hourlysettlement@ofgem.gov.uk</p> |
| <p>Switching Programme</p> <p>Arik Dondi (Ofgem)</p> | <p>Arik presented on the Faster and More Reliable Switching, covering where we have got to and where we are going, looking to address the hassle of switching, now have a better idea of how long this will take, and decision on licence changes has just been published. Looking at go live in 2021 – demonstrated in design, test, build plans (DBT).</p> <p>Following confirmation that further details would be released in July 2019, with more information on timescales expected for change, a question was raised around where the timescales came from and how suppliers should resource these changes.</p> <p>Rachel confirmed that Ofgem have been speaking to a lot of industry players to find out what they need to plan their involvement in the programme. So far feedback had been that the logical design should be enough to understand the requirement at a high level, and that 7months was a reasonable estimate for the length of time suppliers were likely to need from the full physical design becoming available. In practice, the plan would allow 15 months for that development. Ofgem cannot tell suppliers what resource will be required to make their own changes, as this is down to their own business models. However, if they feel that that they don't have enough information, or they would not be able to manage in the timescales cited, they are strongly urged to talk to</p> |

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| | <p>the Programme team. We are putting all of the information about the plans into the public domain including when you need to engage, and our expectations and we are giving you as much notice as we possibly can. Ultimately this programme will go ahead. If individual suppliers have been unable to go through the testing phase when the new switching service goes live, then they will be unable to gain new customers or to object to the loss of existing customers. We are keen to help so please come and talk to us separately. Suppliers were also encouraged to complete the Switching Programme mobilisation survey.</p> <p>Website switching.programme@ofgem.gov.uk</p> |
| <p>Guaranteed Standards in Switching</p> <p>James Crump (Ofgem)</p> | <p>James presented on Guaranteed Standards including compensation around switching.</p> <p>The key focus is to improve the incentives on all suppliers to get switches right. If the sanctions are ineffectively targeted the incentive is reduced. Further analysis of industry data is being conducted to better target delays in transfers, causes of erroneous switching and issuance of final bills.</p> <p>Ofgem had decided to move ahead immediately with the introduction of Guaranteed Standards related to putting erroneous transfers right, and the timing of credit refunds. At the same time we would lead work to better target the remaining Guaranteed standards on speed of switching, timing of final bills and avoiding erroneous transfers. We would very much welcome input to that process.</p> <p>Open Letter Decision Switching.Compensation@ofgem.gov.uk</p> |
| <p>Midata</p> <p>Neil Barnes (Ofgem) and Simon Francis (BEIS)</p> | <p>Neil updated on Mi-data and the direction of thinking, and how the suppliers could get involved.</p> <p>Simon talked through the process behind midata, what this means for customers and directed people to the strawman published with timelines and milestone dates.</p> <p>Key focus for the suppliers was that they have a chance to input into the design and are encouraged to get involved.</p> <p>A question was raised around understanding if there will be a big role for TPI's – Is there intention to bring them under regulation, and what is the assumption of their role as there are increasing intermediaries in the market? Neil confirmed that the design is something that works for TPI business models. Users of Open Banking need to be accredited and we are working towards an approach to accreditation for midata.</p> <p>How stringent those requirements will be is yet to be determined, and will need to balance not setting the bar too high with being appropriately robust.</p> |

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| | <p>Further questions were raised on efficiencies for switching, where the two teams are working closely together, and safeguarding for the aging population, where we are clear that there will be a route to give consent over the phone although the system is inherently electronic. Midata is not looking to resolve broader difficulties around electronic authorisation.</p> <p>Concerns were then raised about the volume of requests that would be generated by midata, the impact on infrastructure (how suppliers will keep up with demand) and how the midata team are engaging with suppliers: Neil noted that concern about imposing strains on the system had already been raised, and were being considered. There was no intention to introduce constraints on the volume of requests at the outset, but this was a fair challenge and would be kept under review. Ofgem and BEIS are talking to a number of different stakeholders with a multi-tiered approach at the moment, and are looking at scope.</p> <p>Website Strawman consumerdata@ofgem.gov.uk</p> |
| <p>Future Retail Markets</p> <p>Andrew Thomsen (Ofgem) and Harriet Reece (BEIS)</p> | <p>Andrew and Harriet presented on the work around future retail markets – a joint review into the future of the retail energy market would be led by Ofgem and BEIS, to ensure the design of the energy retail market is fit for purpose and puts consumers first, had been announced by the Secretary of State.</p> <p>The review would focuss on removing barriers to innovation, increasing value for consumers and ensuring that consumers are protected.</p> <p>The presentation was followed by a break out session which covered a hypothetical scenario of a new business model operating in the retail market which included questions on consumer protection issues.</p> <p>Website – Call for evidence Futuresupply@ofgem.gov.uk</p> |