

Phase 2 Working Group – Terms of Reference

Switching Compensation: Guaranteed Standards

This Terms of Reference (“ToR”) document sets out the role, membership and mode of operation of the Working Group for Phase 2 of the Switching Compensation workstream

Programme
Director

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1 Objective of the Better Data, Better Switching programme

- 1.1 The objective of the Better Data, Better Switching programme is to improve customers' experience of switching, leading to greater engagement in the retail energy market.

2 Objective of the Switching Compensation Phase 2 Working Group

- 2.1 In its Way Forward document published on 23 November 2018, Ofgem indicated its intention to undertake further work to identify the causes of erroneous switches, delayed switches, and delays to the issuance of final bills, prior to the establishment of new Guaranteed Standards.
- 2.2 The Switching Compensation Phase 2 Working Group will facilitate the use of industry data to create an improved understanding of the drivers of erroneous switches, delayed switches, and delays to the issuance of final bills.
- 2.3 The purpose of the group will be to advise Ofgem in the development of new Guaranteed Standards addressing erroneous switches, delayed switches, and delays to the issuance of final bills.
- 2.4 Ofgem will share materials with the group as appropriate and no less than one week before each meeting.
- 2.5 The role of the Switching Compensation Phase 2 Working Group will be advisory. Ofgem will retain responsibility for policy development in these areas.

3 Scope and Deliverables of the Switching Compensation Phase 2 Working Group

- 3.1 The duties of the group are:
- Analysis of industry data sources and existing switching processes to identify:
 - different stages of the switching and billing processes (or other processes) where erroneous and delayed switches and delays to the issuance of final bills are caused, where the responsibility is clear between gaining and losing supplier;

- data sources that would be able to identify at which stage in any individual process an erroneous or delayed switches or delay to the issuance of final bills has occurred and therefore who is responsible for the compensation; and
 - a mechanism for obtaining and applying that data quickly and cheaply in respect of identifying an individual breach.
 - Advising on the feasibility of a process to achieve agreement between suppliers regarding responsibility for breaches, and development of a process.
 - Advising on the feasibility of a process to make payments to customers and subsequently reconcile between suppliers.
 - Advising Ofgem on how to utilise and interrogate data relevant to these matters to inform policy development.
 - Critical appraisal of Ofgem’s proposals for data analysis to drive policy development; and
 - Delivery of ad hoc actions and deliverables to support this work, as agreed between group members and the Chair.
- 3.2 The group will inform development of Ofgem’s policy work to produce a Statutory Instrument (and associated supporting material as necessary). This Statutory Instrument will be published for consultation by Ofgem in or before August 2019. The work of the group will therefore be completed before this date.
- 3.3 The group’s summary discussion, and actions will be recorded by the Ofgem secretariat. Actions arising from the Switching Compensation Phase 2 Working Group will be circulated by the Ofgem secretariat to the participants within one week of a meeting.
- 3.4 The Ofgem Secretariat will be responsible for reporting progress and the activities of the Switching Compensation Phase 2 Working Group to group members and other interested parties. Minutes of the group may be published on Ofgem’s website.

4 Decision Making

- 4.1 The Switching Compensation Phase 2 Working Group will not be tasked with any formal responsibility for making decisions regarding policy development.
- 4.2 Decisions regarding policy development will be taken by Ofgem and will be subject to Ofgem’s governance processes for policy development.
- 4.3 Decisions and recommendations relating to the operation of the Switching Compensation Phase 2 Working Group will be made, in the first instance, by consensus. If consensus cannot be reached, the Chair will either:
- Make a decision as the Chair of the Switching Compensation Phase 2 Working Group; or
 - Commission further work and defer the decision to the next meeting of the Switching Compensation Phase 2 Working Group.

- 4.4** Should the Switching Compensation Phase 2 Working Group shall identify or discuss issues falling outside the scope or objectives of the group, the chair will identify and be responsible for escalating to the appropriate body.

5 Ways of working

- 5.1 The Switching Compensation Phase 2 Working Group will meet either approximately every month until the delivery of a completed Statutory Instrument, with the potential for further ad-hoc sessions to be called at the discretion of the Chair, or until the group is closed by the Chair with the agreement of group members.
- 5.2 Meetings will be chaired by a designated Ofgem employee or agent.

6 Constitution of the Switching Compensation Phase 2 Working Group

- 6.1 The Switching Compensation Phase 2 Working Group is open to industry participants with relevant technical expertise in management of performance data and resolution of issues relating to delayed and erroneous switches, and delays in issuance of final bills.
- 6.2 The group will be initially composed of nominated representatives of the wider supplier community. Not all suppliers need be represented, but the composition of attendees should ensure that of the wider domestic supplier community is adequately represented.
- 6.3 The initial composition of the group will contain the appropriate technical expertise. New technical experts may be added as appropriate with the agreement of the Chair.
- 6.4 Industry participants are invited to nominate technical experts or third party service providers to participate in discussions at the Switching Compensation Phase 2 Working Group, with agreement from the Chair.
- 6.5 Representatives of consumer associations are also invited to attend the Switching Compensation Phase 2 Working Group.
- 6.6 Any discussion in meetings and views expressed or implied in such discussion or associated documents are without prejudice to, and shall not limit Ofgem's discretion with regard to decisions made by the Gas and Electricity Markets Authority (GEMA).

7 Rules of participation

- 7.1 Meeting invitations will be sent to those individuals (referred to as 'members') who are nominated at the initial meeting on 11 January 2019 or subsequently added at the discretion of the chair. Requests to attend can be made by sending an email to SwitchingCompensation@ofgem.gov.uk.
- 7.2 Members are expected to be responsible for or have expertise in management of performance data and resolution of issues relating to delayed and erroneous switches, and delays in issuance of final bills.

- 7.3 Members are expected to attend and to ensure that they express view which reflect the best interests of industry and consumers, rather than a narrow view of the organisation that they represent.
- 7.4 Named alternates, accompanying colleagues, technical experts, or third party contractors due to attend for each member shall be identified a minimum of 24 hours after receiving the agenda to ensure that appropriate arrangements for rooms and building access can be made. Additional attendees will be acceptable with agreement from the Chair.
- 7.5 Members wishing to permanently remove themselves from the group should inform the Chair. Members may identify an appropriate alternate who will be permitted to attend the group at the discretion of the Chair.
- 7.6 Ofgem will have the discretion to invite interested parties on an ad-hoc basis to attend any meeting to discuss specific issues. Members will provide recommendations to Ofgem as appropriate on additional ad-hoc attendees to be invited. Requests for attendance can be made by sending an email to SwitchingCompensation@ofgem.gov.uk.
- 7.7 For the avoidance of doubt, any discussions in meetings and views expressed or implied in such discussions, or in associated documents, are without prejudice to, and shall not limit the discretion of Ofgem with regard to final decisions. Equally, views expressed by participants during meetings will not be treated as the formal position of the organisation they are representing and will in no way prejudice consultation responses.
- 7.8 It is the responsibility of the members to ensure compliance with competition law while participating within this group.

8 Transparency

- 8.1 The schedule of meeting dates, agendas, minutes and papers for the meetings will be sent to the Switching Compensation Phase 2 Working Group in a timely manner.
- 8.2 Materials produced by the working group, and minutes and papers from group meetings will be published on Ofgem's website and shared with interested parties on request, subject to confidentiality and data protection considerations.

9 Administration

- 9.1 Meetings will be held at Ofgem's offices in London, unless otherwise notified, with all material available via Webex to external members.
- 9.2 Minutes will be issued after each meeting.

10 Amending these Terms of Reference

- 10.1 The terms of reference for the Switching Compensation Phase 2 Working Group and its membership may be reviewed at any time by the Switching Compensation Phase 2

Working Group Chair to ensure that they remain appropriate for the requirements of the Switching Programme.

- 10.2 Members of the Switching Compensation Phase 2 Working Group may request that the Chair undertakes a review of these terms of reference and group membership.
- 10.3 Any amendment to these terms of reference and/or the group membership will be at the discretion of the Chair.