

Supplier Licensing Review – stakeholder workshop





Housekeeping



Time	Agenda Item
10 – 10.30	 Introduction Problem we are aiming to solve Aims of the day
10.30 – 11.05	Table discussion : Theories of harm (problem/risks identification)
11.05-11.20	Facilitator Feedback
Tea & Coffee 11.20 – 11.35	
11.45 – 12.00	Introduction to policy options
12.00-12.30	Q&A
12.30-13.00	Live poll: Participants to decide which of our options they feel is proportionate against the SLR objectives
Lunch 13.00-13.50 (feedback/comment boards)	
13.50 – 15.00	Table discussion: Participants to reflect on live poll results
15.00 – 15.30	Design your own solution : Stakeholders to design a solution of what they think is best reform package for SLR.
15.30 - 16.00	Closing remarks/summary



- 1. To encourage discussion that ensures our work packages are focused on the right areas to achieve the principles of Supplier Licensing Review.
- 2. Clarify questions and hear your views on the various options we are considering for our ongoing and exit packages.
- 3. Your opportunity to feed in your views to help inform our current thinking on the way forward for the Supplier Licensing Review.



- Supplier failures that have led to increased costs to consumers
- Poor customer service
- Practical challenges in moving customers during a SoLR



Supply Licensing Review - Core Principles

- 1. Suppliers should adopt effective risk management and be adequately prepared and resourced for growth, and bear an appropriate share of their own risk
- 2. Suppliers should maintain the capacity and capability to deliver a quality service to their customers, and foster an open/constructive dialogue with Ofgem
- 3. We maintain proportionate oversight of suppliers, and effective protections for consumers exist in the event of failure
- 4. Our licensing regime facilitates effective competition and enables innovation

Market Entry

Comes into effect Summer 2019

Resources

New requirement to demonstrate appropriate knowledge, funding, awareness of risks & necessary capabilities

Readiness to comply with obligations

New requirement to demonstrate awareness of key regulatory obligations & how the supplier intends to comply

'Fit and proper' test

More robust assessment of whether persons with significant management responsibility, directors, shareholders or influence are fit and proper to hold a licence

Ongoing requirements

Consult in Q3/Q4 2019

Promoting more responsible risk management

Would require higher standards from suppliers relating to managing risk and growth

More responsible governance and increased accountability

Would look to incentivise and promote good conduct from those in senior management and other positions of influence

Improved market oversight

Would enhance Ofgem's oversight of the market and promote better standards via new reporting requirements

Exit arrangements

Consult in Q3/Q4 2019

Improving efficiency and competitiveness of the SoLR process

Would review the process for managing supplier failure and appointing a SoLR

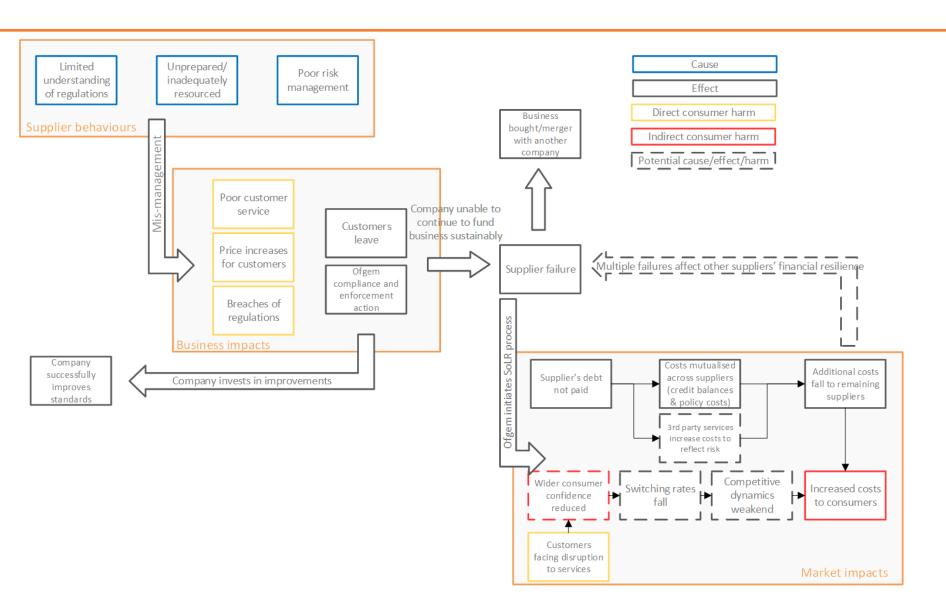
Improving the mechanisms to recover costs

Would look to improve the experiences for customers of a failing supplier

Improving the SoLR experience for consumers

Aims to review the recovery mechanisms for SoLR related costs



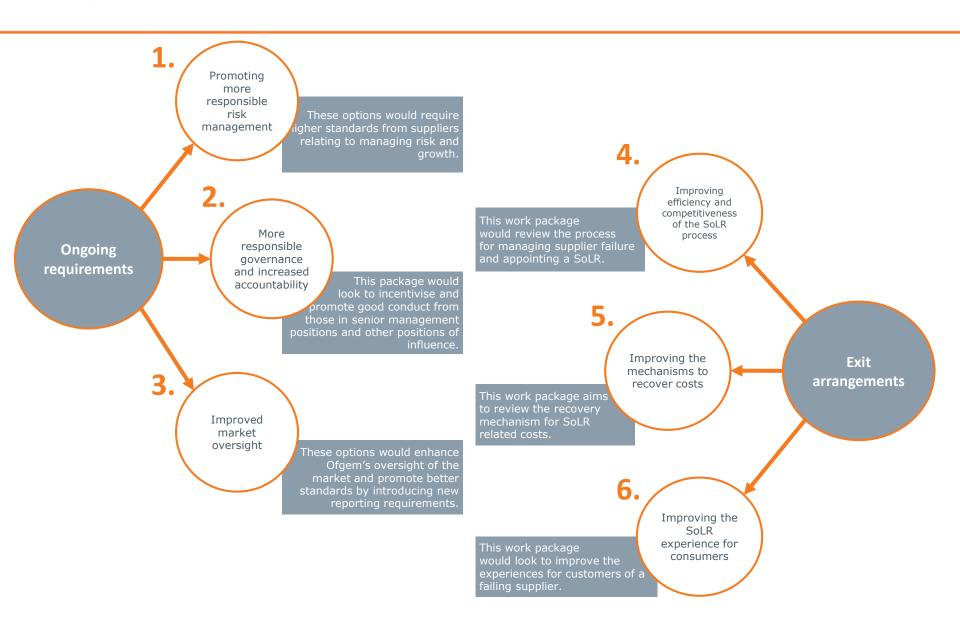




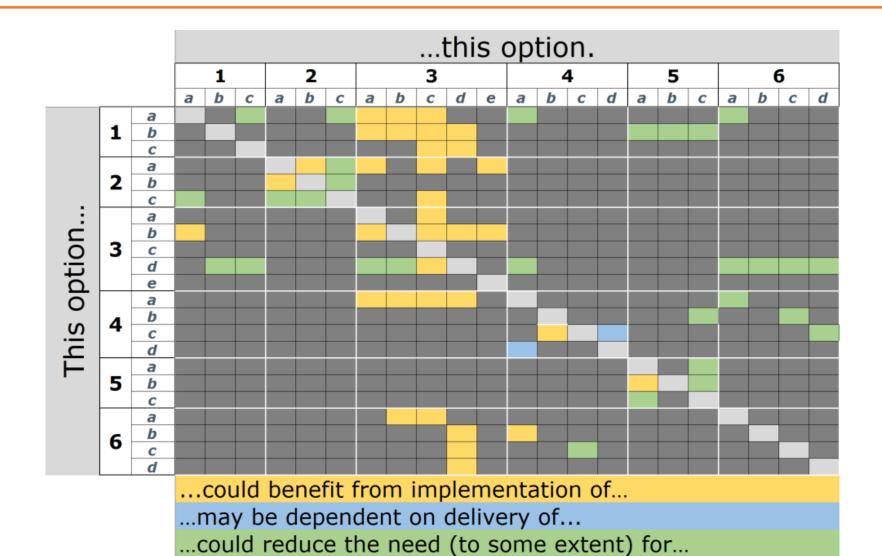
- Does our 'theories of harm' diagram reflect your understanding of the issues the Supplier Licensing Review is trying to address?
- What parts of the current regulatory arrangements are not acting as effective mitigations for the issues we are seeing?
- What do you think are the most pressing issues to be resolved?
- In which 'stages' of the flow diagram should remedies be focused (ie supplier behaviours, business impacts, market impacts)

Introduction to policy options











Asking for views from stakeholders on a long list of potential options



Prioritise a package of options to take forward



Consult on and implement specific policy options

Q&A



- 1. What are your top 3 priorities for Ofgem to deliver?
- 2. What are the top 3 options you consider would deliver the most benefits if achieved?
- 3. What are the top 3 options you consider to be easy wins?





What is the optimum package of options you'd want from the Supply Licence Review?



Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.

We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.