

# PCW/Supplier Switching Engagement Forum

## Terms of Reference

### 1 Objective of the Switching Programme

- 1.1 Ofgem's stated objective of the Switching Programme is to: *'improve customers' experience of switching, leading to greater engagement in the retail energy market by designing and implementing a new switching process that is reliable, fast and cost-effective. In turn, this will build consumer confidence and facilitate competition, delivering better outcomes for consumers. The ambition is for next-day switching. The 'reliable' objective is underpinned by accurate and timely data being available to the relevant actors to ensure a customer's switch is completed successfully.'*

### 2 Context

- 2.1 Industry participants differentiate themselves through the services and offerings they provide. Under the current Supplier-centric approach to the market, the changes that deliver faster switching sit wholly within the scope of the Supplier's business processes, yet around 65% of all domestic Change of Supplier (CoS) events are initiated through Price Comparison Websites (PCWs).
- 2.2 Current processes and commercial arrangements operate within an environment where the Supply Licence requires energy Suppliers to complete a CoS event within 21 days. For energy, there is no formal regulation of the role of PCWs other than through the 'Code of Confidence', which is voluntary and focuses on information presentation, not process.

### 3 Scope

- 3.1 The scope of the Forum will be domestic Change of Supplier events and processes that originate from PCW sales channels, under the new faster & more reliable switching arrangements.

### 4 Purpose, Objectives and Deliverables

- 4.1 To enable structured engagement between PCWs and Suppliers, to identify impacts from implementing Faster and More Reliable Switching in order to minimise risks to the delivery of Programme objectives.
- 4.2 To provide an open and transparent Forum for all PCW providers and energy Suppliers, to identify and address any issues, risks and common themes arising from the evolution of the switching process. The primary focus will be on any changes required to ensure a positive consumer experience through the switching process.
- 4.3 To consider matters associated with Data Capture, Validation and Transfer, including:
- 4.3.1 *Identifying the content/scope, formats and processes required to enable the progression of both a 'five working day' and a 'next day' switch;*

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- 4.3.2 *The case for and feasibility of a standardised approach versus the need for customisation;*
  - 4.3.3 *The timeliness of information provision to Suppliers following initial PCW engagement with the consumer;*
  - 4.3.4 *How to implement best practice for the validation of data, and ensure appropriate access to industry data (established and future) for all parties;*
  - 4.3.5 *The feedback mechanisms in place/required to exchange information between PCWs and Suppliers during the switching process.*
- 4.4 To consider matters associated with Consumer Communication & Engagement, including:
- 4.4.1 *Consideration of a typical consumer journey, consumer perceptions & expectations and the impacts associated with transition to a five working day and a next day switch.*
  - 4.4.2 *Minimum messaging requirements and clarity over responsibilities in all predictable consumer journeys. To include consistency of communication on rights and obligations and what the consumer can expect to happen next and when.*
  - 4.4.3 *Approach to ensuring the delivery of consistent, timely consumer communications, a positive experience and the avoidance of consumer detriment, with consideration from a consumer perspective;*
  - 4.4.4 *The treatment of consumer-requested Supply Start Dates and any other tailored switching requests.*
- 4.5 To consider appropriate Policy and Governance matters, including:
- 4.5.1 *Clarity between PCWs and energy Suppliers on Regulatory policies that are associated with key process elements of the faster switching process;*
  - 4.5.2 *Understanding compliance with Supply Licence conditions and the liability for compensation payments to consumers in accordance with the relevant Statutory Instruments;*
  - 4.5.3 *Clear and approved definitions for terms relating to the process, including the point within the switching process that ‘the clock starts ticking’ on identified legislative requirements and obligations;*
  - 4.5.4 *Any implications to the scope of the existing Confidence Code and Energy Switch Guarantee arrangements;*
  - 4.5.5 *The governance arrangements required to oversee and maintain any outputs from the work of this Forum;*
  - 4.5.6 *Impacts associated with programme transition activities, from existing to new arrangements;*
  - 4.5.7 *Being cognisant of progress of any appropriate elements within the Energy White Paper ‘Powering our Net Zero Future’ activity.*

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- 4.6 To consider any impacts to vulnerable consumers or those which are on the Priority Services Register.
- 4.7 To address the questions detailed within the Appendix, along with any other relevant issues or questions as they arise.
- 4.8 To promote wide engagement from PCWs and Suppliers to ensure that there is a broad representation of PCW provider and energy Supplier organisations who operate in the domestic market, alongside any other relevant parties, to ensure that different perspectives are considered when discussing and progressing ideas and solutions.
- 4.9 The Chair will ensure the maintenance of a work plan and meeting schedule.
- 4.10 The Chair will maintain and manage a log of all Risks & Issues identified by the Forum and escalate these as necessary to the RECCo Board and/or switching programme Delivery Group.
- 4.11 The Chair will provide monthly progress reports to the Retail Energy Code (RECCo) Board and the switching programme Delivery Group.
- 4.12 At an appropriate point, the Chair will ensure that considerations and outputs from the Forum are presented to and cross-checked with Suppliers that operate in the Non-Domestic sector.

### **5 Ways of Working**

- 5.1 The Forum will progress activity in accordance with its work plan, which will include a structure of main Forum meetings and separate Working Group meetings.
- 5.2 All meetings will be chaired and facilitated independently by resources appointed by the RECCo Board.
- 5.3 All meetings will be undertaken virtually, utilising appropriate, established video-conferencing tools.
- 5.4 Meeting attendance will be open to all PCWs and Licenced Suppliers that operate in the domestic market. The Chair may agree to the attendance of other non-PCW or non-Supplier parties on a case by case basis.
- 5.5 The main Forum will meet once a month or as deemed necessary by the Chair in consultation with members.

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- 5.6 Working Group meetings will initially take place on a monthly basis and their frequency will remain under constant review by the Chair, who will determine requirements by the assessment of activity and progress against the Terms of Reference.
- 5.7 The Forum will work in association with other Retail Energy Code & Switching Programme entities and/or groups as required to manage the following areas:
- *Identifying where a decision, issue or risk has implications for matters that are within the scope of any other group, and;*
  - *Where required, alerting another relevant group to the decision/issue/risk and agreeing with the Chair of the relevant group how the matter should be progressed.*
- 5.8 The Chair and meeting secretariat will seek to:
- *Prepare and distribute an Agenda five working days in advance of any meeting;*
  - *Prepare and distribute any content or supporting papers two working days in advance of any meeting;*
  - *Capture and publish a summary of all meetings, including any agreed actions and decisions within five working days of the meeting;*
  - *Provide regular progress reports to the Retail Energy Code Board, and;*
  - *Provide any required information updates to other relevant parties as required.*

## **6 Rules of Participation**

- 6.1 It is the individual responsibility of all members of the group to ensure compliance with competition law while participating within this group.

## **7 Out of Scope**

- 7.1 The focus of the Forum will concentrate on the domestic market sector and only CoS events and processes that occur within this market sector. Therefore, any matters pertaining to CoS events within any other part of the energy market will be out of scope.
- 7.2 Any individual arrangements or agreements, commercial or otherwise, that exist or may be required between PCWs and Suppliers, or any other parties.
- 7.3 Progression of issues or topic areas that might also have relevance to other parts of the market, although these will be appropriately captured and highlighted to other relevant parties as required.

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### APPENDIX

#### Data Capture, Validation and Transfer

- How are Suppliers assured of the accuracy and timeliness of data provided by PCWs? How do we achieve more consistent delivery?
- What information, in addition to tariff information, is required from Suppliers that PCWs should pass on to consumers during the first interaction?
- How can PCWs facilitate the capture of opening reads?
- What can be done to ensure that the current meter type is validated and provided to Suppliers?
- How can PCWs capture and pass on consumer specific data, (e.g., priority services register)?
- What validation activity do Suppliers require PCWs to carry out?
- How will PCWs and Suppliers use industry-available data to give the consumer a smooth sale journey?
- Can PCWs have access to industry data (ECOES and DES) to validate consumer-provided data?
- How can we ensure that the new Retail Energy Location (REL) is consistently used for validation?
- What changes need to be made to current data transfer processes to enable the timely provision of information?
- Can batch file processes be amended to address timing concerns such as lack of processing at weekends? Is batch processing viable in the future?
- How do we address errors, rejections and erroneous transfer requests in a timely manner?
- How can we ensure that there are robust feedback loops in place between Suppliers & PCWs?
- Credit Vetting: What are the timing and treatment considerations associated with a next day switch?

#### Consumer Communication and Engagement

- How will PCWs make standstill periods, cool off periods and changes clear to consumers?
- How will a PCW know if there is a standstill period? What action would this trigger?
- How do PCWs communicate offers and the objection process to consumers?
- How will PCWs provide information to consumers about timelines for next steps in the switching process?
- How will future dated switches agreed with consumers be treated by PCWs and Suppliers?
- What are the implications of automated switching services?
- Who will own the relationship with the customer along the process, particularly when there are problems with the switch request, or the switch fails?
- What are the implications of OFAF (One Fail All Fail) switch requests?
- How will PCWs be aware of differing Supplier offerings at point of implementation, in terms of differing switch lengths?
- How do we ensure that customers are fully informed of process and timing expectations, but not over-promised or mis-informed?
- How do we generally ensure consistent, accurate messaging to consumers?

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### Policy and Governance considerations

- How do obligations, consistent across all Suppliers, get applied to PCWs?
- What are the implications of cooling-off arrangements that will remain up to 2 weeks following a successful CoS event? When is a switch deemed to be successful?
- How will PCWs notify Suppliers of the 'clock' start for Suppliers when the switch is initiated through them, recognising that there could be different timings for different journeys?
- When does the 'clock start ticking' on a new switch request and how does this differ to the commencement of the cooling-off period?
- How can the structure of relationships between suppliers, PCWs and consumers be future-proofed against regulatory initiatives further down the line?
- Will there be a requirement to make changes to the Confidence Code?
- Are there any implications to the Energy Switch Guarantee arrangements?