

PCW/Supplier Forum Closure Update

Background

Context

- 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).
- 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.

Objective of CSS Programme

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.'

Opportunity

The formation of the PCW/Supplier Forum was the first opportunity for PCW's and Suppliers to engage in a structured manner and come together to discuss the implications associated with the introduction of Faster & More Reliable Switching (FMRS).

It was recognised and understood that the nature of market governance precludes any forum output from being mandated. It will be the responsibility of all parties to consider if and how to reflect forum outputs within their individual commercial arrangements.

Purpose & Scope

- Enabling structured engagement between PCWs and Suppliers, to identify impacts from implementing Faster & More Reliable Switching in order to minimise risks to programme delivery.
- Primary focus on any changes that are required to ensure a positive consumer journey/experience.
- The scope of this activity focused on **Domestic** change of supplier requests that originate from PCW sales channels **only**, and the identification of risks and issues unique to this channel that may be impacted by the shorter switching timelines.
- It excluded any individual arrangements or agreements that are or need to be in place between parties, commercial or otherwise.
- The Terms of Reference reflected discussions held with interested parties during the Forum preparatory phase in March.

Ofgem's stated objectives for Faster and More Reliable Switching programme are:

- To improve customers' experience of switching and build confidence
- To increase engagement in the retail energy market and facilitate competition
- Ambition for next-day switching

This will require a reliable, fast and cost-effective process, underpinned by timely and accurate data. It should provide a platform for product and service innovation.

Terms of Reference & Forum Engagement

Data Capture, Validation & Transfer

Capture

- Minimum data set for a faster switch
- Standardisation vs customisation
- Vulnerability & PSR
- Any new requirements

Validation

- Access to industry data
- Expectations & timing
- Use of Retail Energy Location

Transfer

- Current & future arrangements
- Progression of technology
- Standardisation & ownership

Consumer Communication & Engagement

- Typical consumer journey
- Consumer perceptions & expectations
- Minimum messaging requirements and timing
- Standardisation vs customisation
- Treatment of vulnerable consumers
- Avoidance of consumer confusion or detriment
- Consumer requested **Supply Start Dates** and tailored requests

Policy & Governance

- Definition clarity of 'relevant date' – when the clock starts ticking for a switch
- Understanding regulatory policy baseline and changes to existing arrangements
- License condition requirements including revised speed of switch
- Linkage to Guaranteed Standards and provision of compensation payments
- Impacts to Confidence Code and Energy Switch Guarantee arrangements
- Consideration of transition from old arrangements to new
- Governance of forum outputs

Consideration of future Target Operating Model vs requirements for introduction of new arrangements in Summer 2022

Cognisance of progression of the Energy White Paper 'Powering Net Zero Future' activity

Engagement & Approach

Engagement

- There has been a very strong level of engagement and support for the forum, from both PCWs and Suppliers, alongside other interested industry parties.
- Attendees spanned 28 different Suppliers & 13 different PCWs.
- Seventeen meetings were held (7 Main Forum, 5 Data Capture, Validation & Transfer Working Group & 5 Consumer Communication & Engagement Working Group).

Work Plan



A Work Plan to address all elements of the Terms of Reference (ToR) and additional topics raised by forum members, evolved throughout to align with the pace of progression and prioritisation.



In addition, there was a strong call from forum members for a deep dive session on Auto-Switching processes. This topic was not within the forum ToR but was considered separately by the forum.



Alongside meeting slide packs and outputs, a series of forum artefacts were developed with forum members.



A final version of all artefacts have been published alongside the forum Summary Report.

Summary of Forum Deliverables and Outputs

Final versions of the following were published on 2 December 2021:

**Summary
Report**

**Forum Products
Pack**

- Consumer Messaging Principles at point of sale
- Consumer Journey Perspective
- Indicative Process Map & Timings

**Summary of Agreed
Positions**

**Responses to TOR
Questions**

**Data Capture &
Validation Requirements**

Recommendations (1)

Topic	Forum Recommendation
Industry Data	PCWs must be able to access the industry data required for successful switching, on commercial terms that are comparable with other markets. PCWs should be able to validate against the same data as is used by Suppliers.
Retail Energy Location	The REL is expected to become a requirement in the commercial agreements between Suppliers and PCWs. Commercial matters are beyond the remit of this Forum to consider.
Consumption History	PCWs should be able to access historic consumption data to improve the accuracy of forecasts and cost comparisons.
Tariff and Meter Compatibility	Suppliers should clarify with PCWs, if necessary, which tariffs are ruled in or out by certain meter types. Incompatibility can trigger rejections and simplistic rules can exclude valid tariffs; e.g., two-rate meters can often be used for single rate tariffs.
Standstill periods	There is no requirement for PCWs to check whether a consumer is in a 'standstill period'. This will be undertaken by the Supplier when setting the Supply Start Date.
Future-dated switches	Parties should review their processes to ensure that any consumer requests for future-dated switches can be accommodated.

Recommendations (2)

Topic	Forum Recommendation
Setting the Supply Start Date (SSD)	Supply Start Dates will be set and communicated by Suppliers (it is expected that Auto-switching sites may also confirm the SSD to the consumer). PCWs should work with Suppliers to determine how and when they might be able to advise consumers of their switch date at the point of sale.
Messaging about cool-off rights	Communications on consumer rights (e.g., cool-off) should be reviewed to ensure they are accurate and factually consistent between parties. Messaging must be clear, concise and easily understood by consumers. PCWs will need to obtain consumer agreement that, should they choose to exercise their 'cool-off' rights, they will pay any charges incurred with the new Supplier up to that point. Suppliers will take this into account when setting the Supply Start Date.
Objections	PCWs should ensure that any consumer communications relating to the objections process are consistent with the valid reasons to object, which are changing.
Priority Services Register	Where capturing information on special needs and the Priority Services Register, parties should adopt the categorisation that has been standardised for the gas, electricity and water industries.
Data validation for auto-switching	For auto-switching services, rejections could be reduced through obtaining consumer confirmation that they are still in residence and that the proposed change of supplier is agreed.
Energy Switch Guarantee (ESG)	This should be updated to reflect the revised arrangements.

Recommendations (3)

Topic	Forum Recommendation
Meter Read Windows	<p>The discrepancy in opening meter read windows between gas and electricity is unjustified and a missed opportunity for alignment. The arrangements should be reviewed through industry change processes.</p>
PCW Engagement	<p>All Suppliers should engage with their PCW partners to discuss the actions and changes required to deliver a smooth transition to the new switching arrangements.</p> <p>There is benefit in multilateral discussion over Programme implementation, so a PCW-Supplier Forum should continue during H1 2022 in the lead up to go-live. This could be through extending the life of the Forum or by establishing a more enduring 'business as usual' vehicle under RECCo governance.</p> <p>At future meetings, an invitation to attend should be extended to Ofgem, further to feedback from Forum members.</p>

RECCo Next Steps

Since the Forum(s) were established, the REC Code Manager is now in place with a responsibility for undertaking REC stakeholder engagement. RECCo/ the REC Code Manager will therefore be continuing to work with Graham as Forum chair to ensure continued engagement with Forum members in the lead up to Switching programme go-live, including:

#1

Developing best practice guidance aligned to the Forum's outputs and recommendations

#2

Develop a series of drop-in sessions and podcasts for Suppliers and PCWs to enable discussions on issues & help provide information on the switching programme progress

#3

Allocate named contacts within the REC Code Manager to individual PCWs, similar to Suppliers Operational Account Managers to provide targeted support and measure involvement

#4

Developing a collaboration space on the REC Portal to encourage PCW/Supplier Forum continued discussions

- RECCo is also undertaking a deep dive into current PCW access to the EES to understand those organisations that are not currently signed an access agreement to and undertake further engagement with these organisations to understand the reasons for not doing so
- The REC Code Manager will also be considering Forum change candidates for the REC Road Map, including Meter Read Windows