

Guidance

Supply licence guide: Switching

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This guide is to help you understand the rules relating to energy customers switching from one energy supplier to another. The guide is relevant for all licenced suppliers of domestic and microbusiness customers.

Ofgem may update this guide from time to time. Suppliers are responsible for keeping up to date with the latest version of the rules.

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KEY



Applies to electricity suppliers



Applies to gas suppliers



Applies to domestic suppliers



Applies to non-domestic suppliers*



Some of these rules only apply to suppliers with more or fewer than a certain number of customers

* We specifically state where rules only relate to a subset of non-domestic customers, eg microbusinesses.

Overview of switching

In a competitive energy market, it is vital that consumers can be confident that they can easily and quickly change their energy supplier, or else they may not choose to do so. Increased switching should increase competitive pressures in the market, leading to lower costs, better customer service, and wider choice of tariffs and products for energy consumers.

The supply licences set out what suppliers have to do when facilitating consumer switches, and the circumstances in which they can block a switch. Most of the detailed elements of the switching processes are set out in industry codes.

The current switching processes can be unreliable and slow. We are currently designing and implementing a new switching process that will change the rules in this area. The new process will be reliable, fast, cost-effective and harmonised across gas and electricity. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers. Next working-day switching will become the new industry standard. We want to implement our proposed reform package in 2021. More details on the Switching Programme are on our dedicated [webpage](#).

Key Standard Licence Conditions (SLCs) for this theme

Below are the key licence conditions that relate to this theme (switching). We've highlighted some parts of these rules, but you should refer to the actual SLCs for the full detail. The documents listed in the 'other useful information' section may provide more context to help you understand the intent of the rules, especially our consultation documents.

Remember:

The Standards of Conduct contain enforceable overarching principles that are relevant across many supplier activities and licence guide themes. (The Standards are SLC 0 for domestic / SLC 0A for non-domestic suppliers.) These are aimed at ensuring licensees (and their representatives in the case of domestic suppliers) treat each customer fairly. This includes behaving in a fair, honest, transparent, appropriate, and professional manner, and providing information that is complete, accurate and not misleading. Domestic suppliers also need to make an extra effort to identify and respond to the needs of domestic customers who are in vulnerable situations.

SLC 14 Customer transfer blocking



- States the circumstances under which a supplier can and cannot prevent a switch (transfer blocking). Requires suppliers to tell consumers about blocked switches, the reason for them, and how they can resolve or dispute them.
- Suppliers must facilitate the transfer of domestic prepayment meter customers with up to £500 of debt per fuel type, in accordance with the Debt Assignment Protocol.

SLC 14A Customer transfer



- Sets out the obligation on suppliers to take all reasonable steps to switch a customer within 21 days of the relevant date¹, subject to certain exceptions.
- Includes rules on improving the systems and processes governing the supplier transfer process, cooperating with requests for supplier transfers, and preventing erroneous transfers.

SLC 24 Termination of Domestic Supply contracts



- Sets out obligations concerning the termination of domestic supply contracts including the circumstances in which termination fees may be charged, the continuation of fixed term supply contract terms, and the terms and conditions of supply contracts.
- Suppliers should not charge termination fees for any switch that takes place within the 49 day 'switching window' before the expiry of a fixed term contract.

SLC 27 Payments, security deposits, disconnections and final bills



- Includes rules relating to the provision of a final bill to customers who have switched supplier and the appropriate timeframes to do so.
- Also contains rules requiring suppliers to send amended final bills when subsequent information becomes available.

SLC 44/50² Smart metering – continuation of arrangements on change of supplier



- Rules for what should happen when there is a change of supplier at a domestic premises with a smart meter already installed.
- Part A sets out the old/losing supplier's obligations relating to notifying the meter asset provider.
- Part B sets out the new/gaining supplier's obligations relating to making arrangements with the meter asset provider. (There are additional obligations on suppliers with over 250,000 domestic gas/electricity customers.)

¹ For the purpose of this condition, the relevant date means the date upon which a customer enters into a contract with a new supplier, or – if there is a cooling off period (a time period within which the customer may decide not to proceed with the contract) – the date upon which the cooling off period ends, the date upon which the customer and the licensee agree the transfer may proceed during the cooling off period, or 14 days after the date upon which the customer entered into the contract – whichever comes earliest.

² This SLC is numbered differently in the gas and electricity licences. We've included both references, with the gas one first.

Obligations outside the supply licences

There are regulatory obligations relating to this theme that suppliers should be aware of, other than those contained in the gas and electricity supply licences. This section is not intended to provide an exhaustive list and we remind suppliers they are responsible for ensuring compliance with all applicable laws and regulations.

- **[Master Registration Agreement](#)** (MRA): an electricity code that suppliers are required to maintain, become party to, and comply with in accordance with the conditions of their licence. This code provides a governance mechanism to manage the processes established between electricity suppliers and distribution companies to enable electricity suppliers to transfer customers. It's administered by [Gemserv](#).
- **[Supply Point Administration Agreement](#)** (SPAA): a gas code that suppliers are required to maintain, become party to, and comply with in accordance with the conditions of their licence. This code sets out the inter-operational arrangements between gas suppliers and transporters in the UK retail market. It's administered by [Electralink](#).
- **Consumer Contracts (Information, Cancellation and Additional Charges) Regulations**: these regulations include, amongst other things, consumer protection measures relating to the statutory 14 day cooling off period for customers.
- **Supplier Guaranteed Standards of Performance** (GSOP): regulations that place service level requirements upon suppliers arising from certain interactions with their customers. Requirements include that suppliers automatically provide compensation when customer switches go wrong or customers are erroneously switched.

The following is a voluntary measure. Although not mandatory for suppliers to follow, we think it is helpful for suppliers to be aware of, as it can showcase good practice.

- **[Energy Switch Guarantee](#)**: a voluntary code of practice developed by Energy UK (a trade association for the UK energy industry), which allows consumers to switch energy account from one supplier to another in a simple, reliable, and hassle-free way. Suppliers agree to ten basic commitments to facilitate this.

Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help you understand the rules in this theme better. Suppliers may wish to consult other helpful materials about good practice, for example those published by Citizens Advice.

Document	Date
Supplier Guaranteed Standards of Performance: Switching Compensation <ul style="list-style-type: none"> • Final decision • Consultation 	Nov 2018 Jun 2018

<ul style="list-style-type: none"> • Open letter 	Dec 2017
<p>Letter explaining the actions we have taken to address the CMA’s recommended remedy on improving the Debt Assignment Protocol process</p>	Feb 2017
<p>Review of the domestic and non-domestic objections regimes:</p> <ul style="list-style-type: none"> • Final decision • Consultation 	Jul 2016 Feb 2015
<p>Conclusions from an enforcement investigation into Utilita’s compliance with obligations including SLC 14</p>	Nov 2015
<p>Reforms to the Debt Assignment Protocol:</p> <ul style="list-style-type: none"> • Final decision • Statutory consultation • Open letter 	May 2015 Dec 2014 Sep 2014
<p>Conclusions from an enforcement investigation into Spark Energy’s compliance with obligations including SLC 14</p>	Apr 2015
<p>Changes to the licence to (i) enforce three week switching and (ii) prevent erroneous transfers:</p> <ul style="list-style-type: none"> • Final decision • Statutory consultation • Policy consultations on (i) and (ii) 	Jul 2014 Apr 2014 Dec 2013
<p>Conclusions from an enforcement investigation into British Gas's compliance with obligations including SLC 14</p>	May 2014

NB our [website](#) has a full list of all enforcement investigations.

We remind all suppliers that this guide does not modify or replace the conditions in the gas and electricity supply licences. Neither is it an exhaustive list of supplier obligations or information resources. This guide is designed to introduce you to the rules, highlight relevant supply licence obligations, and signpost to key information that may help you understand these rules. Suppliers should continue to refer to the conditions outlined in the most recent versions of the [gas](#) and [electricity](#) supply licences.