

## **Third Party Intermediaries: exploration of market issues and options**

### **Ofgem consultation**

Hampshire County Council response

*Q1. Do you agree with the scope and range of TPIs operating in the energy market, from the information provided? Do you have any further views on this?*

HCC agrees with the range and scope of TPIs as set out in the report. We have no further comments to make.

*Q2. Do you consider our understanding of consumer's experience of TPI's in the retail energy market is accurate?*

We agree with your assessment of the consumer experience of TPI's. Having recently run a collective energy switching scheme some of the feedback we have received indicates a lack of understanding of how TPIs operate and how they generate income.

*Q3. Do you have further evidence to share regarding consumer's experience of TPI's in the retail energy markets?*

Our recent experience of running a collective energy switching scheme suggests that there is a lack of clear understanding amongst some consumers as to how TPI's operate and how they generate revenue from running their services. This in some cases leads to distrust of the outcome of the switching process and to questions as to the impartiality of the switching provider and the reliability of the winning energy provider. Clear guidance on how such intermediaries can generate revenue and how referral fees are set and allocated would allow customers to make an informed decision before becoming involved in a switching scheme and would improve trust through greater transparency.

It was also our experience that collective switching did open up the energy market to Hampshire residents who did not have access to the internet and who would usually not be able to access better deals through price comparison sites. The ability of a Local Authority collective switching scheme to reach vulnerable hard to reach consumers can have a positive impact in reducing fuel poverty.

*Q4. What are your views on the existing regulatory measures applying to TPIs*

The current regulation largely ignores collective switching, and where there is regulation it is largely voluntary and set by the industry themselves. Some form of guidance and accreditation from an independent body could provide greater confidence for consumers and help manage expectations as to what they can expect from TPI's and how they operate. Some form of code of practice or accreditation may help reassure consumers and set some minimum standards to which TPIs would adhere.

*Q.5 Do you consider the current formulation of SLC 25 may be acting as a barrier to the development of more face-to-face multi-party TPI activity?*

HCC has no comments to make regarding SLC 25.

*Q6. What are your views concerning our near term work to mitigate consumer harm and promote trust in the TPI market?*

Hampshire County Council agrees with the broad outline of the current work being undertaken to protect customers and promote trust in the TPI market.

The Domestic Confidence Code whilst currently applying to online switching sites could be extended to provide an interim regulatory mechanism to cover collective switching schemes. Regulation and guidance covering online switching sites and collective switching schemes would reassure consumers and give them greater confidence in TPIs operating on their behalf. Such regulation and guidance could also help set best practice guide for TPIs and help manage customer expectations.

However if the code is voluntary it may be difficult for customers to see how they can seek redress if they felt they had been treated unfairly by a TPI.

Any regulation put in place should not place an unreasonable burden on community energy schemes.

*Q7. Are there any further areas we should consider in the near term?*

No further comments

*Q8. What are your views on the potential wider scope of third party opportunities as a result of energy market developments?*

No further comments

*Q9. Have we captured the full range of 'regulatory' options available?*

HCC feels the consultation has covered the full range of regulatory options.

*Q10. Do you agree with the implications of regulatory change into the TPI market?*

As an option doing nothing and maintaining the status quo would not address the concerns raised by some customers as set out in chapter 3.

A light touch to regulation such as Ofgem's Confidence Code could be extended or a separate code set up to cover collective switching. Even if sign up and accreditation was on a voluntary basis customers would be able to assess a collective switching provider on the basis of whether it was signed up to the Ofgem code and then make an informed decision whether to use the provider. If enough customers place confidence in such a Code of practice TPIs offering collective and switching services may end up having to sign up to retain credibility and trust within the TPI market.

In advance of any decision being made as to regulation simple guidance should be issued informing consumers of what the options within the TPI market are, how the market operates and their rights as consumers and what recourse they currently have when things go wrong.