

Telecom Plus PLC (trading as The Utility Warehouse) currently supply over 200,000 electricity households and around 180,000 gas households, under licences granted to Electricity Plus Limited and Gas Plus Limited respectively.

We have built our business as the only Company to have successfully challenged the entrenched market position of the “Big 6” by focussing on consistently delivering the best customer service and overall value for money. This is evidenced by the recent independent market research carried out by *Which?* magazine, where we were rated as “Best Energy Supplier” by a significant margin compared with our competitors, and by the low churn rates we enjoy.

We do not claim to be the cheapest energy provider in isolation, but deliver significant savings to our customers through our unique “multi-utility” proposition, where customers receive a wide range of valuable benefits by using us to supply all their utilities. We are the only Company to offer a fully integrated solution encompassing gas, electricity, fixed telephony, mobile telephony and broadband, with customers receiving just a single monthly bill for all the services being supplied to them.

We have two real concerns with your proposed retail market remedies in relation to providing detailed price comparisons and quotations at the point of sale – which are likely in our view to have a number of unintended consequences. These would effectively result in more misleading information being provided to consumers than is currently the case:

1. Firstly, from our perspective there is an undue focus in your proposals on the cost of energy in isolation. For example, some suppliers offer a dual fuel discount which reduces the annual cost of the energy supplied, typically by around £30pa. In contrast, we offer multi-utility customers “Free Global Calls” which are typically worth around £100 as well as a range of other valuable benefits.

By including the dual fuel discount from our competitors, but excluding the value of the additional benefits we provide, the headline cost of our energy superficially appears to be higher. This however is misleading, as once the value of all the other benefits we offer is included, our customers are in fact substantially better off.

2. Secondly, at the point of sale it is only possible to compare the future cost of the energy from the old and new supplier, based on expected annual consumption, by using the published tariffs for each supplier which are in force at that time. This theoretically enables a “quote” to be prepared showing both how much the new supplier “will charge”, and “the difference” the switch will make.

The problem is that it is 100% certain this will not in fact be the amount the new supplier will charge (as their tariffs will change over the course of the year, and the actual consumption will differ from the EAC or AQ). And because the old and new suppliers are likely to change their tariffs on different dates going forward, and by different amounts, the customer will end up

making either lower or greater savings than the amount your guidelines are suggesting the new supplier should have explicitly told him to expect – in writing!! In reality, the customer will in many cases actually still find himself worse off having switched, because the new supplier has increased their prices by more than the old supplier.

In conclusion, we believe you should be extremely cautious about adopting an approach that requires suppliers to give customers something which they will not unreasonably rely upon as being a real quote in relation to how much their energy will cost from their potential new supplier, and how much they will save compared with their current supplier, when the nature of the market is that both of these figures will be inaccurate, untrue and therefore misleading – in particular, it will do nothing to stop the sharp practice by certain suppliers of offering “loss leading” tariffs to attract customers to switch in the short-term, only to increase them subsequently to a less competitive level.

I am unclear what the industry is supposed to say to a customer, who in accordance with the proposed new guidelines has received a written quote telling him that his new supplier will charge him £x for his energy over the coming year, and that he will be £y better off, when at the end of the year he has been charged £z and found he has in fact paid considerably more than he would have done had he remained with his original supplier.

Finally, I would make the observation that the biggest culprits when it comes to mis-selling, for the reasons set out above, are in fact the various comparison web-sites. In many cases this is a deliberate tactic they adopt, as demonstrated by their policy of advertising long term savings based on exploiting short-term timing differences between suppliers announcing their price changes. The reality is that these are commercial businesses, whose objective is to drive switching in order to generate commissions rather than to actually generate savings for their users, and in many cases they have structured their sites in such a way as to ensure that the suppliers which generate the highest commissions are presented in the most favourable way. Future action to promote confidence in these sites as being “impartial” is in our view misconceived.

Yours sincerely

CHARLES WIGODER
Chief Executive