Consumer Focus response to Ofgem Retail Market Review

February 2012

About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

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Introduction

The current problems in the domestic energy market have multiple root causes. It is clear that trust in suppliers is low and dissatisfaction levels are high. One of the key causes of this consumer unhappiness is that while the product and product quality have remained the same, gas and electricity prices have increased in real terms by 97 per cent and 44 per cent respectively between 2000 and 2010, and 60 per cent and 36 per cent respectively between 2005 and 2010.[1] These price increases are set against the wider economic conditions which pose ongoing challenges to household finances. This increase in price, for the same basic product and service, raises value for money concerns in consumers' minds.

Gas and electricity are standard products that do not vary in quality. The options open to suppliers to offer customers something different to the standard tariff are therefore different prices, different benefits (cash and non cash), bundled services and the customer service experience.

Suppliers offer different prices and different benefits for a homogenous product in order to attract new customers and retain their existing ones. There are hundreds of different tariffs available and the associated benefits are presented in a variety of different ways making direct comparisons difficult, time consuming or impossible. New product features such as termination fees, complex discounts and introductory or short term offers have led to many consumers feeling that they had been mis-sold as they didn't fully understand the implications of what they signed up to. Misselling of tariffs and unsolicited doorstep marketing over the years since liberalisation have also served to cement this distrust. Bills and annual statements are long, full of complex information and hard for many to understand, not least because many households don't have a clear understanding of how to translate their day to day use of gas and electricity into 'units' or kilowatt hours. It is, therefore, not surprising that many consumers are reluctant to engage with the energy market.

In response, several of the Big Six suppliers have recently launched high profile initiatives aimed at trying to win back the trust of their customers. British Gas has launched the Honest Conversation. E.ON has Project Reset and SSE has Building Trust. Other suppliers including EDF Energy, E.ON and Npower have suggested that it may take a Competition Commission investigation to restore trust in the sector.

These high levels of confusion, complexity and mistrust in the energy sector exist even before the discussion begins with consumers about the costs involved in decarbonising our energy supply and replacing the ageing infrastructure.

It is essential that the risks inherent in any large scale change are recognised and properly mitigated. A significant element in this must be greater investment in understanding consumer behaviour and the degree of change that will be necessary for proper engagement in the market.

Consumer Focus is eager to play a key role in these discussions to educate consumers about the challenges ahead, work with suppliers to help them rebuild the trust of their customers, and support Ofgem's efforts to improve consumer engagement.

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[1] See table 2.1.2 **http://bit.ly/xtvwdw**

Retail Market Review

Consumer Focus supports and welcomes the policy goals of the domestic Retail Market Review (RMR) along with the wider market review. Ofgem's focus on tackling the issues where it is able to directly intervene eg tariff complexity, low consumer engagement and improved information remedies, are the right priorities. We support the implementation of the majority of the package of measures proposed by Ofgem.

In our June 2011 response,[2] Consumer Focus supported the proposals for strengthening the Probe remedies (including changes to bills and annual statements) as well as transposing the standards of conduct in a new licence condition. We welcome the changes Ofgem is now proposing to introduce in these two areas.

Consumer Focus was also supportive of many aspects of Ofgem's core proposal. However we withheld judgment on certain elements of the core tariff proposal, namely the restrictions around the standard evergreen tariff and the Ofgem-set standing charge, until we had seen a distributional analysis of the proposals as well as the detailed impact assessment.

Consumer Focus supports the introduction of a new tariff label, price comparison label and changes to non standard tariffs. However, having reviewed the consultation and supporting documents, we believe further research and a more detailed impact assessment is necessary prior to Ofgem pressing ahead with the implementation of the full package of measures. Our initial concerns about the implications of, and potential impact associated with, the introduction of the restrictions on the standard evergreen tariff and Ofgem-set standing charge have not been addressed.

We regret that Ofgem did not fully test alternative models during the research phase, given stakeholders' responses to the initial consultation. Consumer Focus continues to believe there are significant risks associated with the core proposal, not least the potential for unintended consequences. We think that too many assumptions are made in the consultation about how consumers (and suppliers) are likely to react to the proposed changes. We are not convinced by the evidence that Ofgem presented that improving comparability in the standard market, in the manner proposed, will drive consumer engagement. **Furthermore, there is a serious risk that the proposals could further entrench the divisions between passive and engaged consumers and the standard and non standard tariff markets.** It is also a leap of faith to assume that the non standard tariff market will provide a wide range of choices for consumers not paying by Direct Debit. It hasn't to date (see Annex 2).

Consumer Focus believes there are alternative options that could provide a similar or equivalent level of consumer benefit; through increased understanding of energy bills and usage, as well as an increase in engagement levels, but be delivered with less complexity, at a lower cost, allow more scope for innovation and consumer choice and have continued relevance in the years to come. If the intention is to try and facilitate paper-based comparison of tariffs, for example through newspaper 'best buy' tables, then the option of introducing a standardised, nationwide standing charge (fixed charge) across all standard and non standard tariffs should also be further explored. This would be akin to the set BT charge for a telephone line. Nationally flat standing charges would result in a reduction in the cost reflectivity of tariffs, but would make the tabular presentation of price comparison easier.

It is our view that any standing charge must be narrow, exclude environmental and social levies, and be limited to the costs that are outside suppliers' control eg where there is no scope for contractual negotiation or efficiencies.

[2] http://bit.ly/sCw7iP

It is also unclear whether the core proposal would result in a significant increase in consumer engagement levels. Ofgem's own research[3] highlights that tariff proliferation is often core to consumers' reluctance to engage with the market. However, Ofgem has not proposed any restrictions that would lead to a reduction in numbers, such as limiting the number of tariffs available in the non standard market, requiring suppliers to justify the introduction of new tariffs or exploring the impact of SLC 25A on tariff proliferation. We accept that this is a difficult policy as different groups of consumers' value different options. There has been some recent (voluntary) movement by several individual suppliers to reduce the number of tariff options. At this stage it is unclear whether this is simply a temporary measure or a long term commitment. If tariff proliferation is not addressed, there is a risk that the core proposal may not create a situation where more reluctant consumers are willing to engage with the non standard side of the market on a sustained basis. Consumers may switch to a non standard tariff but then default back to the standard tariff. A one-off increase in engagement levels may not translate into ongoing higher levels of consumer engagement.

While it is a welcome first step to improving tariff comparability, Consumer Focus is not convinced by Ofgem's reliance on ensuring the market can provide tariff prices that can be viewed in a simple printed table that could be published in national newspapers, displayed on teletext or similar. There are 17 active suppliers in the domestic market, so that's 17 standard electricity tariff prices in 14 different electricity distribution regions that consumers must choose between (obviously this table would be simplified if **all** suppliers moved to national pricing). It will require a table that is 18 columns long and 15 columns across (see annex 1). This table cannot give consumers information about the estimated cost of their actual bills, as they would need their consumption details. Furthermore since the majority of switchers opt for non standard tariffs (see Table 1 on page 13) such a table would provide an incomplete view of the market.

There is a tension within the consultation document between the (positive and welcome) focus on providing consumers with more personalised information on their bills, annual statements and price rise notification letters, compared to the likely outcome of the core proposal, which relies on using 'rule of thumb' comparisons (low, medium and high comparisons or pen portraits) for the display of tariff prices. Realistically, consumers will only be able to make accurate comparisons using more sophisticated online tools such as price comparison sites, smart meters and in-home displays. We suspect that efforts would be better directed at providing consumers who are not online with access to information either directly, over the telephone, face to face through trusted intermediaries or via new initiatives such as collective switching.

Furthermore, the consumer prompt from the tariff price tables will only work if consumers believe the prices displayed are attractive enough to warrant switching. We are not convinced whether this will, in fact, be the case.

Consumer Focus has further concerns about the longer term relevance of the core tariff proposals given the imminent wide-scale roll-out of smart meters and the increasing focus on demand response to help deliver cost efficiency and carbon savings. The introduction of the core proposal would require significant (and likely costly) changes to suppliers' billing systems as well as an associated consumer communications campaign. All of these costs will be ultimately borne by consumers. The majority of suppliers are already in the middle of IT change programmes designed to ensure they are prepared for the launch of the Green Deal (and its associated billing challenges) and the smart meter roll-out.

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[3] See **http://bit.ly/zmZf1i** and **http://bit.ly/xD5lot** and **http://bit.ly/AxLi30**

Ofgem states in paragraph 2.48 that increased consumer engagement will be vital to ensure consumers get the most out of innovative time of use (TOU) tariffs and smart metering.[4] We think that elements of the core proposals go too far and others not far enough and there is a serious risk that they could reduce, as oppose to increase, consumer engagement. We are also disappointed that the review does not explore the potential for consumer engagement in the market through collective switching schemes.

Definition of success

The consultation document does not include a detailed framework as to how Ofgem proposes to measure the success of the RMR proposals.[5] Is it an increase in switching rates? A decrease in supplier profit margins? A decrease in tariff proliferation? An increase in consumer confidence or the quality of decision making? If so, how would the latter criteria be objectively measured?

Summary of Consumer Focus' views on Ofgem's Retail Market Review proposals

Standard evergreen tariff	
No end date and a maximum notice period of 28 days for termination.	Support
Suppliers limited to one tariff per payment method for single rate and Economy 7 meters, which will be known as the 'standard' tariff.	Support with qualifications.
Derogations for consumers on preserved tariffs, non Economy 7 time of use tariffs and social tariffs.	Support
All standard tariffs to consist of a standing charge plus unit rate expressed in p/kWh (day / night unit rates in p/kWh for Economy 7 meters).	Support
All suppliers will be prohibited from offering discounts and combining standard tariff supply contracts with other goods and services.	Do not support implementation at this stage. Further research is necessary. Agree bundling of goods and services such as boiler contracts should be prohibited in the standard tariff market.
The compulsory regional standing charge will be set annually by Ofgem. We may also set a regional adjuster to the unit rate to account for regional differences in network costs that vary with consumption.	Do not support implementation at this stage. Further research is necessary.

[4] DECC's Impact Assessment on the Smart meter roll-out is based on the premise that 20% of consumers will take up TOU tariffs, in addition to the existing groups using Economy 7 style tariffs. http://bit.ly/sN2HEo
[5] For example Ofgem's table on pages 29 of the consultation, which ranks the proposals as either green, amber or red, does not include an explanation of the methodology used to populate the table.

	It should explore whether all tariffs should have a set standing charge.
All non Economy 7 customers and Economy 7 customers in each region will have the same standing charge, regardless of payment type. The non Economy 7 and Economy 7 standing charges may differ.	Do not support implementation at this stage. Further research is necessary.
All other revenue[6] would be recovered through a single unit charge (day/night rates for E7 tariffs) per payment method set by suppliers in a p/kWh format.	Support with qualifications.
Non standard tariffs	
No limitation on number or type of tariffs, but they must be fixed term, with a clear end date and clear switching windows. Exit fees will be allowed.	Believe further research is necessary. Exit fees must be proportional and kept under review.
Price information to be presented in a standard equivalent format that allows price comparisons with standard tariffs.	Support
All penalties and key contract terms must be clear to the consumers in advance of agreeing a contract.	Support
No auto-rollovers: at the end of each fixed term consumers would default onto a standard tariff with the same payment method unless they expressly agree to extend the contract or enter into a new contract with a supplier.	Support no auto rollovers but would support greater flexibility around the default tariff eg to tariffs with no termination fee or that are the same price or cheaper than the standard tariff.
Adequate switching window provided with no exit fee and no notice periods.	Support
No unilateral price increases or other adverse unilateral variations.	Support. Qualified support for tracker tariffs.
Regular disclosure by Ofgem of suppliers' average non standard tariff price presented in a standard equivalent format.	Support
All tariffs	
All key information presented in a new tariff information label in format mandated by Ofgem.	Support

6 Our view is that customer service, metering costs, environmental and social levies costs should be recovered through the unit rate. Only pass through costs where the supplier has no scope of contractual negotiation or efficiencies should be recovered through the standard charge (aka network charges).

Ofgem to regulate the manner in which suppliers and consumers may mutually agree to charge the terms and conditions of their tariffs.	Support
Suppliers allowed to use regional names for their tariffs.	Support
Strengthening the probe remedies	
Improvements to the price change notification process, including the proposed changes to SLC 23.	Support
Improvements to bills and annual statements, including the proposed changes to SLC 31A.	Support. Would like Ofgem to conduct a review of regulatory requirements on energy bills together with industry and consumer groups (Red Tape Challenge).
Improvements to the transparency of termination fees – changes to SLC 24.	Support
Enhanced consumer confidence in switching sites.	Support
Enhanced monitoring.	Support
Standards of conduct.	
Implementation of the new standards of conduct licence condition.	Support with qualifications.
Vulnerable consumers	
Continued exploration of alternative proposals for vulnerable consumers eg backstop tariff.	Support. Believe that proposals are unlikely to have significant impact on most vulnerable.

Consumer Checklist

Once Ofgem has agreed the final RMR package, there may be an opportunity to publish some information about the forthcoming changes in the first edition of the Consumer Checklist.

Consumer Focus, in consultation with industry, Ofgem and the Government, is required to produce and keep updated a long form and short form version of the Checklist.[7] Suppliers must mail a copy of the short form version to all gas and electricity consumers once a year. We have recommended to industry that the initial mailing be scheduled to coincide with further information about the RMR changes as well as other government initiatives such as the Green Deal. We would be happy to work with Ofgem and industry on the proposed form of words for both versions of the Checklist.

[7] Short form version: http://bit.ly/xD8fef and long form version: http://bit.ly/y9U6aZ

Chapter 2: Improving tariff comparability

Question 1: Do stakeholders agree that we should introduce the RMR core proposal?

In terms of identifying issues where it is able to directly intervene, Consumer Focus agrees that Ofgem's focus on introducing simpler tariff structures and improving tariff comparability are the right priorities.

However, we also believe that Ofgem's proposals go too far in some areas and not far enough in others. Our view is that the core proposal, while very radical, is also a big gamble. There is a serious risk that its implementation, as proposed, could result in the further division of the energy market where there is one market which offers lower cost options for engaged consumers and a much more restrictive and stagnant standard tariff market with higher cost options for non-engaged consumers.

Consumer Focus believes there is a significant risk of unintended consequences associated with the introduction of the standard evergreen tariff and its associated restrictions and the Ofgem-set standing charge. If implemented these measures could distort the retail market for some time. We don't consider the research and impact assessment that were published alongside the RMR to be sufficiently robust to justify the introduction of the core proposals at this stage.[8] If Ofgem is determined to press ahead with the implementation of its core proposal, Consumer Focus recommends a pause to allow for further research and testing to ensure that the outcomes Ofgem is striving for will actually be delivered.

Summary of Consumer Focus' views on the core proposal

Standard evergreen tariff	
No end date and a maximum notice period of 28 days for termination.	Support
Suppliers limited to one tariff per payment method for single rate and Economy 7 meters, which will be known as the 'standard' tariff.	Support with qualifications.

[8] It is our view that the two quantitative and qualitative reports published alongside the RMR is not conclusive enough in itself to justify the introduction of the core proposal. The research focused on testing a very specific proposal eg the proposal originally published by Ofgem in the March 2011 RMR document. It is our view that the process should have included testing a wider range of proposals derived from consumer research and informed by discussion with industry and key stakeholders such as consumer bodies. That would have been a better market test. This wider range of options would have then been reduced to two or three acceptable proposals that could then be further tested in detail among consumers. We agree with many of Stephen Littlechild's criticisms of the assumptions made in the RMR consultation document, based on the qualitative and quantitative research findings. It should be noted that we do not support his proposal to create a new 'public interest' energy supplier. See: **http://bit.ly/Atidoe**

Derogations for consumers on preserved tariffs, non Economy 7 time of use tariffs and social tariffs.	Support
All standard tariffs to consist of a standing charge plus unit rate expressed in p/kWh (day / night unit rates in p/kWh for Economy 7 meters).	Support
All suppliers will be prohibited from offering discounts and combining standard tariff supply contracts with other goods and services.	Do not support implementation at this stage. Further research is necessary. Agree bundling of goods and services such as boiler contracts should be prohibited in the standard tariff market.
The compulsory regional standing charge will be set annually by Ofgem. We may also set a regional adjuster to the unit rate to account for regional differences in network costs that vary with consumption.	Do not support implementation at this stage. Further research is necessary. It should explore whether all tariffs should have a set standing charge.
All non Economy 7 customers and Economy 7 customers in each region will have the same standing charge, regardless of payment type. The non Economy 7 and Economy 7 standing charges may differ.	Do not support implementation at this stage. Further research is necessary.
All other revenue[9] would be recovered through a single unit charge (day/night rates for E7 tariffs) per payment method set by suppliers in a p/kWh format.	Support with qualifications.
Non standard tariffs	
No limitation on number or type of tariffs, but they must fixed term, with a clear end date and clear switching windows. Exit fees will be allowed.	Believe further research is necessary. Exit fees must be proportional and kept under review.
Price information to be presented in a standard equivalent format that allows price comparisons with standard tariffs.	Support
All penalties and key contract terms must be clear to the consumers in advance of agreeing a contract.	Support

[9] Our view is that customer service, metering costs, environmental and social levies costs should be recovered through the unit rate. Only pass through costs where the supplier has no scope of contractual negotiation or efficiencies should be recovered through the standard charge (aka network charges).

No auto-rollovers: at the end of each fixed term consumers would default onto a standard tariff with the same payment method unless they expressly agree to extend the contract or enter into a new contract with a supplier.	Support no auto rollovers but would support greater flexibility around the default tariff eg to tariffs with no termination fee or that are the same price or cheaper than the standard tariff.
Adequate switching window provided with no exit fee and no notice periods.	Support
No unilateral price increases or other adverse unilateral variations.	Support. Qualified support for tracker tariffs.
Regular disclosure by Ofgem of suppliers' average non standard tariff price presented in a standard equivalent format.	Support
All tariffs	
All key information presented in a new tariff information label in format mandated by Ofgem.	Support
Ofgem to regulate the manner in which suppliers and consumers may mutually agree to charge the terms and conditions of their tariffs.	Support
Suppliers allowed to use regional names for their tariffs.	Support

Consumer Focus's concerns with the core proposal

1. Risk of a consumer backlash resulting from the ban on all existing discounts for standard tariffs
2. Risk of higher prices for sticky consumers
3. Level of choice available to consumers not paying by Direct Debit
4. Inability to shift existing consumer perceptions
5. Tariff proliferation continues
6. Impact on small suppliers and new entrants
7. Impact on niche green suppliers and green tariff market
8. Ofgem-set standing charge
9. Overly restrictive rollover process
10. Impact on the ability to prepare consumers for the roll out of smart meters

1) Risk of a consumer backlash resulting from the ban on all existing discounts for standard tariffs

The core proposal states that consumers on standard tariffs will no longer be entitled to their **existing** discounts such as dual fuel, prompt payment, online account management, etc. If this proposal is implemented it means there are two options for individual suppliers. Suppliers may choose to incorporate the existing discounts into the price of their standard tariff. Or suppliers will take the decision that they will not incorporate the discounts and the overall price of their standard tariff will increase.

These discounts have previously driven consumer engagement in the market, particularly in the 'standard' side of the market eg households who are not comfortable with signing up to more complex or fixed term tariffs.

Ofgem's research should have specifically tested how consumers on standard tariffs would react to the withdrawal of existing discounts. The Ipsos MORI quantitative research published alongside the RMR shows clear support for standard tariffs including a wider range of features than those proposed by Ofgem:

> *'almost two-thirds of consumers (64 per cent) would prefer them (aka variable tariffs) to include the same range of extra features as fixed and tracker tariffs. The same applies to 58 per cent of vulnerable consumers, and even for sub-groups such as the frail elderly (52 per cent) there is majority support for equality of features between tariff types...Despite the fact that most consumers are probably on a variable tariff currently, the term 'variable' appears to have negative connotations. Notwithstanding this, consumers see no reason why variable tariffs should not have additional features. These features, particularly internet access and dual fuel, may be associated with lower prices by consumers so it is likely that the prospect of removing them may look like a route to higher prices.'*[10]

We note Ofgem's concern that consumers on standard tariffs may be able to save an additional sum of money by switching to the cheapest provider for electricity and the cheapest provider for gas. This option is already available to consumers using switching sites, supplier websites, face to face sales, etc as they have the option of searching for or asking for information on dual fuel, electricity only and gas only tariffs. However, the popularity of dual fuel contracts is both a feature of suppliers' existing marketing strategies and consumer preferences. The fact that consumers are more likely to search for dual fuel deals on switching sites is, in part, influenced by the value consumers place on only having to have a relationship with a single energy supplier, of which the benefits can include a single bill or a combined Direct Debit payment for both fuels. The additional savings available from being supplied by two different companies may not be of interest to a large number of consumers. Consumers may view the perceived 'additional costs' associated with having to manage relationships with two separate suppliers to be outweighed by the amount of savings available by switching to the cheapest electricity supplier and the cheapest gas supplier.

We think further testing is essential, prior to implementation of the RMR proposals, to understand consumer reactions.

Current switching behaviour

At present, consumers that use switching sites are more likely to switch from standard to non standard tariffs or from non standard tariffs to other non standard tariffs. This is because price is the key driver for consumers and the non standard tariff market has tended to have the cheapest tariff offers.[11]

Consumer Focus asked several switching sites for information about consumers' switching decisions over the last few months. Using a Consumer Focus Confidence Code accredited site is currently the best way of ensuring a consumer gets a holistic view of the available energy tariffs.

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[10] See pages 9-10 in **http://bit.ly/xD5lot**

[11] Consumer Focus commissioned omnibus research in January 2011 and asked what the main reasons for switching supplier were (key trigger). The top reasons included receiving a big bill / wanting to save money (44%), seeing a special offer from an energy supplier (24%) and a visit from a doorstep sales agent (17%). Omnibus survey carried out on 12 – 18 Jan 2011 by TNS RI of 2,049 adults. Ofgem's omnibus survey in January 2011 showed that 79% of consumer switched to save money and 7% for better service. See **http://bit.ly/w1d1hB**

Each site provided the information in a slightly different format so the results should be viewed as indicative rather than conclusive evidence about current consumer preferences.

It should also be noted that it is also a common consumer practice to use a switching site to compare prices but then contact a supplier directly. For instance, many sites are not allowed to facilitate a consumer's switch from a supplier's non standard tariff to another non standard tariff eg switching from Web Saver 7 to Web Saver 8.

Table 1: Information provided to Consumer Focus about consumers' current switching behaviour

	Switching Site 1	Switching Site 2*	Switching Site 3^ (online switches)	Switching Site 3^ (telephone switches)
Standard to standard (different supplier)	0.5%	2.6%	3.1%	4.2%
Standard to non standard (same supplier)	6.4%	2.9%	5.8%	7.3%
Standard to non standard (different supplier)	61.9%	51.6%	50.4%	48.1%
Non standard to non standard (same supplier)	2.2%	3%**	4.7%	5.6%
Non standard to non standard (different supplier)	28.8%	31%**	36%	34.8%
Non standard to standard (all)	0.1%			

*Non standard includes all tariffs that do not have the word 'standard' in title.
** Average figure for gas and electricity switches
^ Standard includes all standard, no standing charge standard tariffs and standard tariffs with bolt-ons such as EnergySmart

Given the Ofgem proposals will strip all existing benefits from standard tariffs (eg dual fuel discount, online account management, affinity deals, etc), we believe there is a serious risk that the end result will be a stagnant standard tariff marketplace with the impact that consumers on these deals will be on the most expensive offers.

2) Risk of higher prices for sticky consumers

We agree with Ofgem's view that many (or most) of the existing sticky consumers are likely to remain on the standard tariff.

Suppliers' pricing strategies will be dependent on their commercial strategy – whether they wish to target the standard side of the market or continue to rely on significant customer inertia and customer loyalty, thus focusing their pricing efforts on attracting the smaller number of consumers actively engaged in the non standard market.

We have significant concerns that the single evergreen standard tariff prices will not be very competitive, as suppliers will have limited incentives to compete for their (existing sticky) customers.

Omnibus research frequently demonstrates that there is a large proportion of consumers who simply do not wish to engage in the market either because they are happy with their current supplier, or lack the time, skills or desire to engage.[12] These consumers are often aware that they could save money by switching but choose to prioritise their time and efforts elsewhere. Consumers spend an average of 3.2 hours per week on all consumer tasks, which includes grocery shopping.[13] Previous omnibus research makes clear that nearly all consumers are aware that it is possible to switch energy supplier.

Ofgem is expecting that easier comparability of standard tariffs will result in increased consumer engagement and better choices. One outcome however, could be that suppliers' standard evergreen tariff prices are clustered, with insignificant differences between standard tariff prices. There is also a significant risk that consumers will view the new tables and feel that there is not enough difference between suppliers' prices to warrant switching supplier.[14] The end result could be a collapse in switching levels.

Our previous response to the RMR[15] referenced evidence provided to us by a switching site which highlighted that consumers (even more engaged ones who had inputted their details on a switching site) were less likely to switch for savings of £100 or less. We note that Ofgem is proposing to do more work on reassuring consumers about the switching process, however it is unclear whether this will be able to challenge existing consumer behaviour and perceptions.

We note that one key benefit of the standard tariff model highlighted by Ofgem is that it would enable the publication of the standard tariff prices in newspapers and other related media.

However, while this could have a positive impact, there is limited research available that suggests that consumers, particularly less engaged consumers, use newspapers' best buy tables as their primary source of information or indeed that they lead to consumers making better decisions.[16]

Furthermore, the presentation of supplier prices in this manner (printed table) will not give consumers the key piece of information, which is how much their annual / monthly bills will be, based on **their consumption**. Finding out this key piece of information will still require consumers to take the additional step of visiting:

- an online price comparison site
- supplier website
- using a price comparison telephone service
- contacting suppliers

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[12] 55% of consumers said their reason for not switching was that they were happy with their current supplier in a face to face omnibus survey of 3,931 people carried out by TNS – RI for Consumer Focus on 14 – 23 October 2011. In January 2011, 77% of respondents to an Ipsos MORI omnibus survey for Ofgem said they were happy with their current supplier as a reason for not switching. See **http://bit.ly/w1d1hB** [13] See page 11 in **http://bit.ly/xKSh8w**
[13] See page 11 in **http://bit.ly/xKSh8w**
[14] Consumer Focus omnibus survey. 62% of consumers, **who contacted their supplier** to ask if there was a better tariff, actually switched to the new tariff. Out of the 31% who didn't switch, the top reasons were: the money I could save wasn't enough – 34%; I didn't want to change the way I pay my bills – 14%. (TNS for Consumer Focus face to face survey of 1,947 consumers between 25 February – 1 March 2011)
[15] See page 16 **http://bit.ly/sCw7iP**
[16] For example, the Icelandic banks used to top the financial best buy tables several years ago. Many consumers who switched to these banks may have regretted their decision.

It is important to note that Ofgem's research asked consumers to assume that they knew their annual consumption figures.[17]

The limited evidence available from the financial services sector suggests that existing tables are used as a first glance by more engaged consumers who then use online price comparison or company websites to gather further information. In the 2008 Financial Services Authority (FSA) survey,[18] consumers' views on which source of information was viewed as the most influential showed newspaper articles were viewed as most influential for only 5 per cent for recent purchasers and 2 per cent for non purchasers.[19]

3) Level of choice available to consumers not paying by Direct Debit

A key concern of Consumer Focus is whether consumers paying by quarterly cash/cheque (QCC) or prepayment meter (PPM) will be able to access a wide enough suite of tariffs in the non standard side of the market.

A review of the fixed term tariffs[20] launched by suppliers since the start of 2009, highlights that out of the 283 tariffs, 100 per cent of tariffs were available to customers paying by Direct Debit, 38 per cent of tariffs were available to consumers paying by QCC and 3.2 per cent to households with PPMs (see annex 2). The table also demonstrates that there is significant variation among suppliers, with some suppliers clearly not interested in attracting customers paying by QCC. Virtually all of their fixed or capped price deals were offered to Direct Debit customers only.

If the standard tariff proposal results in a loss of all existing discounts and options for QCC/PPM consumers (eg prompt payment discount, dual fuel discount, affinity deals, etc) then this could leave this group of consumers much worse off and reduce their overall engagement levels with the market – why engage if there's nothing on offer? This is of particular concern given the levels of vulnerability within this group.

It should not be assumed that consumers will simply switch to paying by Direct Debit in order to access a wider range of tariffs. It is quite clear that there is and will continue to be a significant group of consumers who do not wish to pay by Direct Debit (currently 46.9 per cent of electricity consumers and 44.5 per cent of gas consumers use a payment method other than Direct Debit[21]).

Within this group there is a large amount of consumers on prepayment meters who will not be in a position to pay by Direct Debit, either as a result of debts on their account, not having a bank account, suppliers' unwillingness to offer credit terms, etc. Similarly large numbers of QCC consumers are also not able to switch to Direct Debit due to household circumstances, limitations of basic bank accounts, fear of bank charges, etc.[22]

The Impact Assessment published alongside the RMR did not consider the potential impacts on the future choices available in the non standard market, using a breakdown of the impact on consumers paying by each of the core payment methods. It was simply assumed that there would be a range of choices available.

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[17] **http://bit.ly/xD5lot**
[18] See pages 73-76 **http://bit.ly/ua2bZJ**
[19] See Figure 33 on page 76. Best buy information or information from comparison websites was 4% for both recent purchasers and non purchasers. **http://bit.ly/ua2bZJ**
[20] Defined as fixed, capped or discounted products with a fixed end date.
[21] **http://bit.ly/xAqa0n**
[22] For discussions of risks see: **http://bit.ly/zDtZJa** and while not a proxy for fuel poverty research by Consumer Focus in 2010 found that PPM users are much more likely to have lower household incomes than other types of energy customers. These households were also more likely suffer from disabilities. **http://bit.ly/z2Cc8V**

It is a big gamble to assume that post-RMR, the non standard tariff market will deliver sufficient options for non Direct Debit consumers. It hasn't to date. None of the small suppliers, bar one exception (Utilita) have targeted the prepay market. The majority of small suppliers are looking to attract consumers willing to pay by Direct Debit.

4) Inability to shift existing consumer perceptions

Consumer research continually demonstrates that many consumers do not actively engage with the energy market due to the perception that the suppliers are all the same.[23] Another commonly held view is that there's no point in switching because prices will just go up anyway.

There is no guarantee that Ofgem's core proposals will redress these consumer perceptions. In fact, there is a risk that consumer views could be hardened.

We note that Ofgem has put forward an option for a six month price guarantee for standard tariff customers. It is our assumption that the costs associated with introducing such a price guarantee may lead to higher overall prices given the increased risk premiums for suppliers and additional complexities and costs associated with the account management process. Therefore, while this is a welcome initiative to provide consumers with certainty and overcome some of the potential barriers to switching (that prices will just go up anyway), we are concerned that this is not a realistic proposal. We would be keen to see any analysis Ofgem has done on the costs and benefits.

We believe the implementation of Ofgem's proposals to strengthen SLC 23 will lead to significant improvements in the price rise notification process and switching prompts will be clear and easy to understand. However, there is no guarantee that consumers will take such prompts as an ongoing call to action. Our concern is that the core proposals could lead to a short term increase in engagement and switching levels but that there will be no sustained difference or even a fall in switching levels in the medium to longer term.

5) Tariff proliferation continues

The impact assessment references behavioural economics research which 'found consumers' limited capacity to deal with the large number of tariffs and their complexity causes many to completely disengage'. Consumers view the large number of available tariffs as having a detrimental impact on their ability to make informed choices.[24]

We are concerned that Ofgem's proposed changes may not even address this existing consumer confusion. Even if consumers focus solely on comparing standard tariffs to other standard tariffs, there will be up to **17 standard tariffs to choose between** (based on the current number of active domestic suppliers). The number of standard tariffs would be significantly reduced as compared to the current situation. However, we note that this is a much larger number of tariffs for consumers to choose from compared to what was presented in the quantitative and qualitative research published alongside the consultation document eg the tables compared four different prices.[25]

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[23] 12% of consumers did not switch supplier because they believed all suppliers were the same, 13% have never switched because they did not want to hassle of changing supplier. Face to face omnibus survey of 3,931 people between 14 – 23 October 2011 carried out by TNS – RI for Consumer Focus. See also Ipsos MORI for Ofgem January 2011 – Main reason why you have never switched: happy with my current supplier – 77%; switching is a hassle – 22%; and no difference between suppliers – 20% **http://bit.ly/w1d1hB**
[24] See **http://bit.ly/zmZf1i** and **http://bit.ly/xD5lot** and **http://bit.ly/AxLi30** and **http://bit.ly/yOaXcb**
[25] ibid

It would require a comparison table that is 18 columns long and 15 wide, assuming that not all suppliers move to national pricing, to cover the **14 electricity distribution regions** (see Annex 1 for an example). Even if all suppliers move to national pricing, the table will still need to be 18 columns long and up to four columns wide (based on electricity only, gas only and combined electricity and gas prices).

Table 1 demonstrates that only a small proportion of consumers, using switching sites, currently switch from one standard tariff to another. It should be noted that these standard tariffs currently include features which would be banned under the Ofgem proposals. It is unclear whether the standard tariffs will be an attractive enough proposition to increase the number of consumers switching from one standard tariff to another standard tariff.

If a consumer is interested in tariffs with additional features or discounts, which most consumers already are, this introduces the prospect of searching through an even larger number of non standard tariffs.

We are disappointed that Ofgem did not further explore any potential measures to limit the number of available tariffs, especially as this would have been a relatively simple measure to introduce. We note Ofgem's concerns that consumers have different preferences thus making this a difficult task. However, given the clear and detrimental impact of tariff proliferation on consumer engagement within the energy market, we believe this is a missed opportunity. For example, why does the impact assessment not explore the issue of tariff proliferation in any detail? One of the outcomes associated with SLC 25A appears to have been an increase in tariff proliferation, as special offers were exempted from the proposals. Suppliers' response was to vastly increase the number of special offers available in order to attract customers.

Some suppliers, as part of their rebuilding trust programmes, have announced measures to reduce the number of available tariff options.[26] Consumer Focus welcome these initiatives but it is unclear whether voluntary commitments will be sufficient, particularly if not all suppliers are committed to making such changes.

Similarly, if it is considered essential for improving consumer confidence to limit tariff options in the standard side of the market, then why not extend similar protections to the non standard side of the market so these consumers are not bamboozled into making an inappropriate choice or forced to restrict themselves to the safer but more stagnant standard segment of the market?

For instance, if a consumer is interested in switching to a particular supplier they could be faced with a situation where they can choose from the one standard tariff option or 10 or 20 different non standard tariffs.

6) Impact on small suppliers and new entrants

Consumer Focus has a number of concerns about how the core tariff proposals could affect small suppliers.

Ofgem acknowledges in paragraph 2.59 that the core proposals represent a significant risk for smaller suppliers if the regional standing charge is not fully cost representative. In particular, the standing charge could pose more problems for smaller suppliers as if it there is a gap between the Ofgem-set charge and the supplier's costs, the company would need to finance this shortfall from their cash / capital reserves or by raising the unit price of standard tariffs. The consultation acknowledges that smaller suppliers are less likely to be able to absorb such cost changes, given their smaller margins.

[26] See **http://bit.ly/zHE0jY** and **http://bit.ly/yUbdtN**

We are unclear whether all suppliers must offer a standard evergreen tariff. We have presumed this is likely to be the case given the rollover proposal eg the consumer must be able to be defaulted back onto the standard evergreen product. This may prove to be a barrier to entry if new suppliers are set on targeting a particular segment of the market.

It is also unclear whether the proposals will force the withdrawal of suppliers that currently operate under another supplier's licence eg Utility Warehouse (Npower) and Ebico (SSE) along with the more traditional white label suppliers such as Sainsbury's Energy (British Gas) and M&S Energy (SSE) due to the requirement that each licensed supplier can only offer one standard evergreen tariff.

The loss of both Utility Warehouse's and Ebico's supply models would result in reduced consumer choice and innovation. For instance, all of Ebico's customers pay the same price regardless of their payment method. It currently offers a single unit rate tariff with no separate standing charge. Utility Warehouse has a large customer base who have signed up to its bundled deal concept

There has been a recent trend of larger suppliers pulling the so called 'loss leader' tariffs, however there has also been a subsequent trend in the introduction of more aggressive retention policies.[27] The Big Six suppliers will remain in a position to use their greater market power to win back customers who seek to switch away. While this may prove beneficial for individual consumers, the implications for the wider market are much less positive in the longer term if small suppliers are pushed out.

It would be very worrying if the core proposals had the net effect of driving the competitive fringe out of the domestic retail market.

7) Impact on niche green suppliers and green tariff market

If Ofgem is determined to drive through simplicity in the standard tariff section of the market then we fail to see why there should be an exception for green tariffs. In the future there will no doubt be moves to have TOU tariff exceptions. Then the proposed restrictions on the standard tariff start to become meaningless. If the standard tariff proposal is implemented then we would agree that the smaller niche green suppliers could offer a 'green as standard' tariff.

Green tariffs tend to be a premium product given the additional costs associated with a Green Energy Supply Certification Scheme (GESCS) tariff. The smaller niche suppliers could be disadvantaged by the restrictions of the standard tariff table since it is not designed to promote the additional benefits of the tariff's greenness.

If larger suppliers are required to offer a green non standard tariff this may annoy many of their existing customers who have found a tariff that they are happy with and do not want to re-contract every year to avoid defaulting onto the standard tariff (see below for our concerns about the rollover process).

8) Ofgem-set standing charge

We remain concerned by the current components within the Ofgem-set standing charge. In particular it is very difficult to respond to a consultation proposal where the key information eg what will be included in the standing charge, is the subject of a separate consultation process with a different timetable.

We acknowledge that an industry wide standing charge would improve tariff comparability among standard offerings if companies are limited to one standard tariff.

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[27] http://tgr.ph/yp6Ovi. SSE has been offering its Go Direct tariff in an effort to win back customers.

Our main concerns about the existing Ofgem-set standing charge are:

- The impact on small suppliers if the standing charge does not fully cover their fixed costs. Their customer base is more likely to consist of engaged customers and they do not have the financial flexibility of the big suppliers
- The interplay with SLC 25A if the standing charge is not cost reflective, then suppliers could be effectively discriminating against certain groups of customers
- The potential politicisation of the process[28]
- The rationale for limiting the Ofgem-set standing charge to only 'standard tariffs'. If one of the key rationales for introducing the Ofgem-set standing charge is to improve consumer trust and understanding of the market as well as increasing transparency about a supplier's fixed costs, then surely such a standing charge should be considered an essential feature of all tariffs available on the market?

It is important to note that there is also likely to be some consumer backlash, particularly from consumers who are currently on 'no standing charge' tariffs. Clearly these consumers are already paying a charge to cover the supply of gas and electricity to their house – it is just not transparent. However, the changes will need to be carefully conveyed to consumers so that they understand why these changes are happening and also to provide reassurance that they will (hopefully) not be worse off.

Consumer Focus' preference however, would be for **all** tariffs to have a 'standing charge' to cover the fixed costs associated with providing a supply of gas and electricity to a household. It should be a narrow charge limited to covering the costs that are outside of the supplier's control eg where there is no possibility of contractual negotiations or efficiency savings. This is already a model prevalent in the fixed line telecoms market where the Ofcom-set BT landline charge is a feature of the majority of fixed line contracts or associated bundled deals. We accept that this would be costly to introduce since it would apply to both standard and non standard tariffs. However there would be clear benefits associated with improving comparability between the standard and non standard markets.

We believe there are two key options

1. Ofgem should set out a defined list of charges that could be included in / recovered via the standing charge. It is our understanding the costs charged by the networks can change between two to four times a year. As part of this process, Ofgem should explore whether network charging could be smoothed to provide more stability for suppliers.

   It should also set out how the process of periodically revising the standing charge would be applied. For example, how much notice would consumers receive of this revision; and would all consumers see a revision on the same date(s) each year?

   - We believe that the contents of any standing charge should be 'narrow' and should only contain pass-through costs which the supplier has no control over.
   - In addition, we believe that fixed standing charges should exclude the costs of social and environmental schemes for three key reasons. Firstly, because it would be inconsistent with polluter pays principles to apply the same level of environmental taxes on every consumer regardless of their carbon footprint. Secondly, because the broad correlation between energy consumption and income would mean this approach would disproportionately hit the fuel poor.

[28] See page 9 in **http://bit.ly/Atidoe**

Thirdly, because it would have a distortive effect on competition, given that some suppliers are exempt from some of these schemes.

2. The EDF Energy model whereby Ofgem is responsible for running a clearing house which harmonises the costs so that consumers pay the same standing charge regardless of where they live within GB.

   - This charge should be narrow and limited to the costs that are outside of suppliers' control where there is no scope for efficiencies or contractual negotiation eg distribution and transportation costs
   - Environmental and social costs should **not** be included in the fixed charge. Not all suppliers are subject to the same costs. Consumer Focus agrees with the Fuel Poverty Advisory Group's (FPAG) view that it is also more regressive to charge such costs on a per household as opposed to a per unit basis[29]
   - This charge must be flexible enough to cope with changes to network charging that are due to be implemented in the coming years with the likely introduction of more locational pricing
   - The fixed costs associated with having a supply of electricity and/or gas will be standardised and made visible to all consumers instead of it being hidden in the current confusing tariff structures
   - Obviously there would be winners and losers out of this model. Further work would be needed to understand the distributional aspects of this proposal but we feel it is worthy of further consideration
   - The benefits of increased transparency, and comparability could outweigh the negatives. It is in line with the fixed line rental charge that exists in the fixed line telephony market

9) Overly restrictive rollover process

We believe Ofgem's proposal to default all consumers, who have not actively chosen a new tariff during the switching window, back onto the standard tariff is too restrictive.

Any consumer who has actively chosen to sign up for a certain type of non-standard tariff such as fixed price, has already signalled their preference to the supplier. There are many reasons why a consumer could fail to take action during the switching window, even one that is 42 days long.

We are comfortable with suppliers rolling consumers onto another non-standard tariff provided that:

- It is the same price as or cheaper than the standard evergreen contract

As more complex TOU tariffs are introduced in the coming years, there could be consumer repercussions if consumers are defaulted back onto a standard tariff. Similarly the demand side management that these consumers had been deploying, and receiving an incentive to do so, could be lost.

We would also suggest co-ordinating the dispatch of the annual statement / energy report with the end of the fixed term contract. Suppliers could provide consumers with a series of options on the annual statement along with clear details about the tariff that they will be defaulted on to as well as other alternative tariffs that would provide cost savings.

[29] FPAG Supplier Obligation Costs and the Energy Company Obligation: The Case for Reform (July 2011)

The annual statement / energy report could also be used to prompt consumers into thinking about their energy usage or taking action to reduce their consumption by referencing new tools such as the online comparative energy consumption portal which the ERA is developing. Similarly there may be new tools developed to support the launch of the Green Deal which could help serve as a behavioural prompt to consumers.

10) Impact on the ability to prepare consumers for the roll out of smart meters

Little consideration appears to have been given to future proofing these proposals, the risk being that they will increasingly fail to deliver the intended outcomes as the market evolves over the next few years.

We welcome the recognition that greater consideration is needed as to how these proposals relate to TOU tariffs. The proposed price comparison guide is not appropriate for consumers on TOU tariffs or bundled deals since it would require a much more sophisticated calculation of when gas and electricity is used. Consumers need to know not just how much energy they use in total but when they use that energy.

Consumer Focus has an ongoing research project assessing the views of current TOU consumers, with a view to helping develop the tools and information future TOU consumers will need as well as ensuring existing consumers are better served by their suppliers. We would be happy to share our research results with Ofgem.

We believe that the following protections are needed as a minimum for TOU tariffs:

- Fixed and transparent time bands for TOU tariffs – so consumers can compare deals.
- Before signing up to a new demand response deal (eg critical peak pricing, time of use, seasonal pricing etc) consumers are given a projected costs based on their existing energy use. Where possible this should be based on accurate consumption data over a number of seasons. It should highlight any potential cost impact if customer's lifestyles change eg if they start working from home, have a baby, etc. This is a proposal currently being considered by the EU Commission and European Regulators group

Further thought is needed as to how consumers will engage with other types of demand response deals and bundled services. We are already starting to see tariffs that combine energy supply with in home displays and energy efficiency measures. Such deals are likely to increase following the launch of the Green Deal and as more smart meters are installed. For example, some of the small suppliers are already offering three rate tariffs, which cannot be represented on price comparison sites at present. We suggest that the RMR team engages proactively with suppliers to consider what kinds of new deals they are trialling, whether independently or as part of the Low Carbon Network Fund project.

There has been increasing convergence of energy supply contracts, associated services and other products. The key focus should be on ensuring comparability in the non-standard tariff market eg can I compare tariffs with IHDs? How can I compare the cheapest tariffs which offer free insulation?

An important driver of switching in the mobile phone market has been the introduction of smart phones. It is feasible that the introduction of new smart appliances alongside supply will help to drive a renewed interest in the energy market and promote switching, as price won't be the only factor.

No consideration has been given to the likely increase in long-term contracts in the non standard tariff segment and the impact that is likely to have on switching and competition.

For example, if consumers sign up to deals which combine an energy supply contract with an enhanced in home display, they may not wish to pay the costs up front but over time. Experience in the mobile phone market has highlighted that excessively long contracts can be detrimental to competition and result in consumers paying more. Ofgem needs to be proactive in considering the implications of this and in setting expectations for suppliers and engaging with them as to their intentions in this area.

DECC has committed to carrying out a distributional analysis of the impact of smart metering, including demand response. This will include looking at the impact on low income and vulnerable consumers. We are surprised that appears to be no reference to this in the consultation document or impact assessment. The findings of this impact assessment should inform these proposals. It will highlight what kinds of tariff deals might benefit the poorest and most vulnerable consumers in our society and therefore what should and shouldn't be incentivised.

There is a real risk that early rollout of smart meters and resultant barriers to interoperability will deter consumers from switching and lead to less engagement in the market. Our concerns have been highlighted in our response[30] to Ofgem's recent consultation on interoperability and effective switching. DECC's proposal for a small supplier exemption may further act as a barrier to improvements.

We are aware that Ofgem is involved in the BIS midata project. It is essential that consumers are able to access their energy consumption data in a format that enables them to compare deals in the market on a like-for-like basis. There is potential to facilitate consumer engagement in the market and improve the switching experience. However, Consumer Focus has real concerns that the suppliers' proposed data sharing arrangements will result in opportunities to help consumers engage in the market being missed. It could also lead to consumers being charged for key data which is of use to them. **We would welcome discussing this further with Ofgem and exploring how personal data inventories could be used to promote engagement in the energy retail market.**

[30] http://bit.ly/z5EFoi

Alternatives to the Ofgem core proposal

Consumer Focus believe **all** tariffs should include:

- A fixed charge associated with providing the household with a supply of electricity and/or gas (see above)
- Unit rate(s) expressed in p/kWh
  - We agree it is sensible to limit non Economy 7 standard tariffs to a single unit rate
  - We are comfortable with suppliers offering non standard tariffs with different unit rates provided the total price can be accurately expressed using the price comparison label / standard equivalent rate
  - All discounts or premiums, that are provided automatically, must be included within the quoted unit rate(s)
  - Any non-price elements which do not affect the unit rate such as affinity deals (Nectar points, Clubcard points, etc) should be shown separately
  - Any behavioural incentives (prompt pay discounts) should be shown separately
  - Any cashback offers must be displayed separately and not included in price quotes or energy bills

Airline model

We believe that further testing of the airline model approach would be appropriate.

As Ofgem highlights in the consultation, the key disadvantage associated with the airline model, is that it risks including further complexity into the decision making process and creating choice fatigue. Ofgem's proposed standard tariff comparison table would not be as understandable (as mentioned earlier we have concerns about how useful this table will be in practice).

However, it may be possible to manage this risk by limiting the number of available choices, imposing rules around the presentation of such options as well as standardising the price comparison process across all channels.

It is important to note that the quantitative consumer research published alongside the RMR found that the majority of respondents (64 per cent) wanted variable tariffs (aka standard evergreen) to have the same range of extra features available as fixed and tracker tariffs.[31]

Advantages of the airline model

- Less likely to incur a consumer backlash, as compared to the Ofgem proposal, as existing standard tariff consumers would not lose their existing discounts
- It would allow consumers to pick and choose what features they value, and may have more of an impact on improving consumer engagement
- It would allow the retention of many of the key features that have driven past competition and consumer engagement in the market such as green tariffs, dual fuel discounts, online account management, charity partnerships, etc
- It could encourage additional numbers of consumers to engage either with their existing supplier or search for a new supplier as the comparison process will be more transparent and consistent

[31] See pages 31-32 in http://bit.ly/xD5lot

  - Existing consumer behaviour demonstrates that any consumers proactively looking to switch normally tend to look across the market, rather than simply focusing on the standard tariff options (see table 1)
- This model would also offer consumers, who do not wish to sign up to fixed term tariffs requiring them to re-contract or re-engage with the market on an annual or binennial basis, a greater array of choices and behavioural incentives

We are not convinced by Ofgem's suggestion in paragraph 2.73 that each 'option' that is added to the standard evergreen tariff will represent a new tariff. The model has the potential to give consumers the option of building their ideal tariff from a prescribed list of choices. All of these choices must be presented in a standard format using the same terms and definitions. We acknowledge that this would represent a change to the current price comparison model but do not believe the challenges are insurmountable.

There are two key options:

Option 1

- Only options that provide a discount off the base price can be included

Option 2

- Options are grouped into discounts, premiums and other (Nectar points, Clubcard cards, etc)
- Suppliers must display information about any available discounts, premiums or other using their same wording and in the same order in written marketing materials, websites, switching sites, etc.

Under either option, suppliers and accredited switching sites would be required to use the same language and display any potential discounts or additional costs in the same format whether online or in printed materials. The tariff label would also provide further confidence to consumers that they understood what they had signed up to.

Option 1 potentially offers greater consumer protection as fewer options would limit the potential for consumer confusion or error. However it would exclude popular options that have a non cash value such as Nectar points or premium 'green supply' options.

If all 'options' and 'discounts' are restricted to the non standard tariff market and consumers are automatically rolled over onto standard tariffs at the end of the fixed term, we are concerned that in the years to come there will be an increasing rump of consumers on a non competitive standard tariff.

No standing charge tariff as standard

We considered and rejected another alternative model, which would require all tariffs to be expressed in a single unit rate expressed in p/kWh. Suppliers could compete on all aspects of the costs associated with supplying households with gas and electricity. This is the model used by Ebico.

This removes the concern about the interplay between the standing charge and the unit rate. It wouldn't require Ofgem to have a formal role in setting the standard charge. Suppliers could be required to provide a breakdown of their costs on bills, as many already do.

The disadvantages are that it would also be costly to implement and could have a similar negative impact on competition and switching levels. It is also likely that low users would be viewed as unattractive consumers by suppliers.

Collective switching

Consumer Focus would like reassurances that the RMR proposals will not preclude the introduction of collective switching.

Collective switching has the potential to offer consumers a new route to better value in energy markets. Put simply, it would provide consumers with the opportunity to:

- group with their peers and aggregate individual demand into a co-ordinated block of market share that is committed to acting in concert
- leverage the resultant group's combined buying power by offering up the block of market share it represents to providers, in a way that compels those providers to compete against each other for the custom of the group and, in so doing, secure value for participating consumers that is greater than they are able to achieve by acting in isolation
- once the most competitive offer is identified, make a synchronised switch, whereby the group migrates en masse to the provider who has made the best offer to the group

As an approach it has been made possible by, and is predicated on harnessing, two interlinking trends. Firstly, social media technologies have eroded the costs traditionally associated with large-scale group endeavours, making it possible for people to self-organise and achieve a wide range of goals in concert. Secondly, widespread access to these technologies has seen consumers become ever more connected in peer-to-peer networks during the last decade.

The collective switching model Consumer Focus has proposed would see an online intermediary platform (or platforms) would offer a collective switching service to consumers. The platform(s) would work in the interests of participating consumers in the markets they seek a better deal from, operating a hybrid service that comprised the following three roles:

- The intermediary, who aggregates the individual demand of participating consumers and then utilises this to make a much more powerful expression of demand to the supply side of a market
- The broker, who leverages the aggregated demand to secure better value on behalf of participating consumers; and who designs and operates the process by which this is achieved
- The attorney (in the 'power of' sense), who instigates and co-ordinates the mass switch to the winning provider

Collective switching has the potential to realise three major improvements in the markets to which it is applied. First, it makes the demand side much more demanding, yet demands considerably less time and effort of participating consumers than the orthodox switching model does. It transforms inertia into a positive force that works in favour of consumers who no longer wish to 'go it alone' – shifting the onus for market engagement from the many consumers who would welcome a better deal, to the few providers who seek their custom. Second, by leveraging the demand of the group to secure better value from providers, it opens up a direct share in the benefits of economies of scale for consumers (and a share in the savings in marketing and acquisition costs that the approach would deliver). Third, by bringing about a much more demanding demand side, the approach drives a competitive impetus into markets characterised by low switching levels, which is much stronger than the orthodox approach has been able to achieve. This creates much more hospitable conditions for new entrants and could, in turn, drive the competitive impetus upstream.

Consumer Focus has initiated a dialogue with a service – iChoosr – that has successfully developed and rolled out a collective switching model in Belgium, Netherlands and Germany. It offers a platform that sits behind trusted community and civil society organisations who act as the consumer-facing element of the service. We have also facilitated a meeting between iChoosr and organisations such as local authorities, charities, etc who may be interested in replicating this role in the GB market and offering a collective switching service to their constituencies, members, residents, etc. We will also look to engage with other organisations that are interested in developing a collective switching initiative.

Question 2: Which cost elements should be included in the standardised element of standard tariffs?

See our views and concerns above in the answer to Q1.

This question is very difficult to answer without the benefit of a more detailed impact assessment and the fact the Ofgem consultation on the components of the standing charge is running to a separate timetable. Our initial view favours a more narrow standing charge. We are concerned that suppliers will seek to include all possible costs in a more wide standing charge thus making it more difficult for consumers to achieve the benefits associated with reducing their consumption.

Consumer Focus disagrees with the list of costs Ofgem is proposing to include in the standing charge.[32] We believe that only costs which are outside of suppliers' control where there is no scope for contractual negotiation or efficiencies should be included in the standing charge. See also our response to Q1 and concerns about the Ofgem-set standing charge.

Bundling of services

Bundling of services has not yet taken off in the energy market as it has in the communications market though some suppliers offer supply alongside in home displays and other feedback mechanisms. We are not opposed to bundling in the non standard tariff market provided it offers a benefit to the consumer and the sales process is transparent, fair and is not used to lock consumers into long term contracts. It is important that consumers can make informed decisions. However, developments should be closely monitored by Ofgem to determine the impact on competition, consumer trust and the customer experience.

Question 3: Do stakeholders agree that our information remedies would help consumers engage effectively? If not, what would be more appropriate remedies?

Consumer Focus support the introduction of the proposed information remedies including the new price comparison label and tariff label. They reflect our lobbying for improvements to supplier bills, annual statements and websites.[33]

[32] http://bit.ly/xcqUN8
[33] http://bit.ly/xBiHtE and http://bit.ly/y0W1FP and http://bit.ly/sCw7iP

Price comparison label

We like the new price comparison label as a concept and would be keen to understand how it will work / look in practice. Our concern, however, is whether the price comparison label would work, in the manner intended, if consumers do not know their actual consumption figure, which would help them understand what their annual bill would be if they switched.

We would be concerned if the key focus is on helping consumers make 'rule of thumb' judgements when comparing standard to non standard tariffs. Such judgements are often wrong, particularly where the consumer does not know or does not use their actual consumption to carry out the comparison eg believes they are a medium user as opposed to a large user.

The design and use of the price comparison label will need to be very carefully considered. We are unclear at this stage whether it would actually work as a non-interactive comparison tool eg printed tables as opposed to an online tool.

Tariff label

Consumer Focus is continuing to work with suppliers on the design and content of the new information for consumers. We have done some joint work with the Energy Retail Association (ERA) on developing a 'Key Facts Document', referred to as the tariff label in the consultation (see annex 3). The initial goal was to produce a document that could be used at the point of sale process to ensure the consumer was fully aware of the price and terms and conditions of the deal they had signed up to regardless of means by which they were engaging with the supplier eg face to face, telesales (talk through over the phone and copy mailed out with contract) and online. We understand that, as a next stage, the ERA intends to carry out consumer research to see which categories of 'key facts' should be included, the order, and the type of language that might be used. Consumer Focus is supportive of this proposal and has been offered the opportunity to contribute to the research specification. We suggest that Ofgem becomes involved as well.

We agree it would also be useful to publish the tariff label details in the annual statement / energy report.

Tariff comparisons and understanding energy usage

We think there needs to be a concerted effort by Government, regulators, manufacturers, retailers, housebuilders and energy service companies (including suppliers) to develop a common language for energy costs to enable a) comparison and b) understanding of consumer influence on those costs. Consumers need to understand running costs for appliances and heating homes as easily as they understand miles per gallon (mpg) when choosing a car. Car buyers understand that they may not always achieve that mpg (as it depends on their driving style, terrain etc) but that it is a reliable basis for comparison.[34]

Consumer Focus believes this requires a common language and clear communication of a comparable unit cost and comparable running costs for products from fridges to homes. Concurrent communications can help consumers understand the influence **of their behaviour and their property type** on those running costs, but labelling and comparison tables should not include information **on high, medium and low use** as it makes the message too complex and is likely to switch off the consumer's interest.

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[34] See How occupants behave and interact with their homes, NHBC Foundation **http://bit.ly/xVOaR4**

In addition, past studies have suggested that consumers' perception of their own consumption tends to bias towards the average (eg consumers often think they are more average in their behaviours than they actually are).

We are aware the ERA is currently developing a new online tool, in order to fulfil the coalition proposals for providing new information on energy bills about the cheapest tariff and comparative energy consumption. This tool would allow consumers to input their personal consumption information and compare it similar households in their local area.

The development of new tools to help energy consumers understand their energy usage needs to better co-ordinated. We recommend a link is made to the Government's online Energy Performance Certificate (EPC) Adviser tool.[35] Changes to accessibility of EPC data to the public from April 2012 should mean that consumers are able to search for their home's EPC data by address rather than EPC reference number. This will make the link between energy costs and the property type, and help consumers understand how energy efficiency measures could cut their bills. We also recommend that such a resource is 'white-labelled' so is available as a plug-in for a variety of consumer-facing websites, keeping down the cost of maintenance down while enabling different websites to appeal to different consumer segments.

Question 4: Do stakeholders consider that the price comparison guide should be presented in a p/kWh figures, a £ per month figure or both?

Our preference would be p/kWh, £ per month and £ per annum.

We agree there are benefits associated with encouraging consumers to think in £ per month since it will allow them to relate the costs to their monthly expenditure, there are also risks. This £ per month figure may lead consumers to expect that their bills will be equal to the figure quoted the price comparison label. In particular, this will not be the case for consumers who do not pay by Direct Debit, given the vast difference in gas consumption between the winter and summer months.

Similarly while we agree that many people tend to base their thinking about household expenditure in terms of their monthly bills, a £10 monthly saving may not be felt to be as attractive as a £120 annual saving.

See our answer to Q1 for concerns about the price comparison guide and use of average figures.

Question 5: Do stakeholders agree that the proposed exceptions for legacy social tariffs and extremely high consumption domestic consumers are appropriate?

If the standard tariff proposal is implemented then yes we agree a derogation is correct for social tariffs.

We are not sufficiently clear why extremely high consumption domestic consumers would be exempted. There is potential for this proposal to add further complexity to the process, particularly around where households are close to the threshold.

[35] http://bit.ly/wgeBVW

Question 6: Do stakeholders agree that we should not allow an exception for suppliers to offer a green standard tariff in additional to an 'ordinary' standard tariff?

Yes. See our concerns in the response to Q1 above. However, there are likely to be a number of existing green tariff customers who will be annoyed at being migrated onto the standard tariff. They may be satisfied with their existing offering and have no interest in re-contracting on an annual or biennial basis to sign up to a fixed term green tariff.

Question 7: Do stakeholders believe it would be appropriate to introduce a six month price guarantee for standard tariffs, or do you consider that this would undermine the simplicity of the RMR core proposal?

It would be helpful to have more details about the potential impact of such a change. Anecdotally we are aware of consumer attitudes that they are not interested in switching because 'suppliers put up their prices afterwards.' We suspect this could be a popular initiative with consumers, particularly with first time switchers.

However, we also feel that this guarantee could introduce added complexity and financial risks for suppliers, which would be highly likely to result in an overall increase in energy prices. Suppliers will be required to price in the risk premia associated with the six month guarantee, which would ultimately be passed on to consumers.

Furthermore, there could be additional costs associated with managing the accounts of new customers who are all on different six month guarantee periods. Again this would be likely to lead to higher overall prices for all consumers.

The costs and benefits associated with this proposal need to be carefully explored, in particular the impact on consumers who remain unlikely to switch.

The non standard tariff market already provides an option for consumers who want the certainty of fixed prices for a certain period of time. Furthermore, consumers on standard variable tariffs are already able to switch suppliers to avoid a price increase.

Chapter 3: Strengthen Probe Remedies

Consumer Focus welcomes Ofgem's proposed changes in this area, particularly the focus on providing consumers with more personalised information eg via price rise notifications and improvements to the annual statement.

The RMR consultation is silent on the impact of the Probe changes to the licence condition on marketing and sales (SLC 25). While most suppliers have now temporarily or permanently halted unsolicited doorstep sales in response to our call,[36] it would have been helpful if Ofgem had provided its views on whether suppliers should be required to offer all tariffs via all sales channels or inform consumers during the face-to-face or telesales process that they may have other cheaper tariffs available.

Summary of Consumer Focus's views on strengthening the probe remedies

Strengthening the probe remedies	
Improvements to the price change notification process, including the proposed changes to SLC 23.	Support
Improvements to bills and annual statements, including the proposed changes to SLC 31A.	Support. Would also like Ofgem to conduct a review of regulatory requirements on energy bills together with industry and consumer groups (Red Tape Challenge).
Improvements to the transparency of termination fees – changes to SLC 24.	Support
Enhanced consumer confidence in switching sites.	Support
Enhanced monitoring.	Support

Consumer Focus supports the introduction of Option 3 (Option 2 plus, introduce more prescriptive rules).

Option 1 (do nothing) is clearly not working. The proposals introduced by Ofgem under the Probe did not go far enough. While the issue of new guidance would further clarify suppliers' responsibilities under the licence regime, we do not believe it would produce the change necessary.

We agree with Ofgem's view on the limitations of Option 2.

[36] http://consumerfocus.org.uk/g/4q3

Question 8: Do stakeholders agree with our recommended proposal of Option 3 (Introduce more prescriptive rules) for bills and annual statements?

Consumer Focus agrees with the proposal to introduce more prescriptive rules for bills and annual statements.

As Ofgem is aware, Consumer Focus reviewed suppliers' Annual Statements in July 2010 and the overall results were poor. Many of the Statements suffered from poor design and confusingly worded information. Following our review, we wrote to each of the suppliers with our best practice principles and individual feedback on their Annual Statement. Since that time, we have worked with several suppliers to make improvements to their Statements. While these changes are welcome, we agree that the further standardisation proposed by Ofgem will improve consumers' understanding of their energy use.

Our February 2011 quantitative research[37] into consumers' experiences of annual statements found that only 46 per cent of consumers remembered receiving an annual statement. Of those who remembered receiving the statement, 79 per cent found it easy or fairly easy to understand, but only 25 per cent of these consumers took any further action such as comparing prices, switching supplier, etc. Engagement levels were much lower for low income and older consumers. There were particular issues for PPM users and people in private rented accommodation. It is clear from our research that in its first year of operation, the annual statement failed to register with most consumers and very few used it as a behavioural prompt.

It would be worth considering whether 'annual statement' is the most appropriate name. We would suggest changing it to 'Energy Report' or 'Annual Energy Report' or similar to ensure it is distinct from a bill (as these are offered referred to as a statement of account for PPM or Direct Debit customers).

The use of common terminology and definitions should also improve consumers' understanding. We agree that the use of different names such as tariff, plan, package, etc causes confusion for consumers and that all tariffs should be referred to as 'tariffs'.

We accept that the introduction of more prescriptive elements for bills and annual statements will limit suppliers' ability to innovative. However, we believe the advantages for consumers associated with improving their general understanding of energy bills and their energy usage outweigh the disadvantages.

However, it is important that all proposed changes to the bill associated with the RMR, launch of the Green Deal, etc are introduced at the same time to limit the implementation costs and reduce consumer confusion associated with changes to bills.

Consumer Focus has been in discussion with DECC, ERA and Which? about reviewing the regulatory requirements on energy bills, with a view to exploring whether any of the current information could be safely removed (linked to the Red Tape Challenge). This is an area where we would like to work jointly with Ofgem to ensure any proposed changes to energy bills can be implemented at the same time as the wider RMR changes to bills and annual statements. Consumers consistently tell us that they do not understand bills, simplification is long overdue.

[37] Omnibus survey of 1,987 consumers carried out in February 2011 by TNS-RI on behalf of Consumer Focus

Question 9: Do stakeholders agree with our recommended proposals for SLC 23 notifications including price increase notifications of option 3 (Additional information plus prescribed format) and option 4 (tighten and clarify policy intent)?

Yes. This is an area where Consumer Focus has long standing concerns about the quality of information provided by suppliers during the price rise notification process. We have previously written to Ofgem about our concerns.[38]

We strongly agree any information must be personalised to the consumer to help them understand the impact of the price change and take appropriate action. The notification letter should provide details about their estimated annual bill before and after the price rise. The need for consumers to be provided with more personalised information has been a key issue in our open letters on energy tariffs.[39]

We agree that price change information should be presented in a standardised table. We also support the ban on including marketing materials with the price rise notification letter.

Another area of concern for Consumer Focus is the difference between suppliers in how they signpost consumers to the sources of independent help and advice (Consumer Direct) on energy bills and websites. We carried out an analysis of the price change notification letters sent out in summer/autumn 2011. It revealed wide variation on how and even if, suppliers provided Consumer Direct's contact details. Ofgem should compel suppliers to provide comprehensive and consistent information on their bills, annual statements and websites on how to access independent help and advice.

Question 10: We seek views from stakeholders on the additional requirements outlined in option 3 (Additional information plus prescribed format for SLC 23 notices including price increase notifications.

Bills

The key issue is that bills need to be simplified. We agree with the proposed information to be included on the front page of the bill.

It would be worthwhile scoping the feasibility of including the customer's 'standard equivalent rate' in the summary box or first page of the bill (for consumers with single rate meters only). It would also be useful to include this information on the annual statement.

Our key concern is whether the proposals for the summary box will be future proofed to take into account new initiatives such as the Green Deal. In addition, this information may be inappropriate for consumers with two or three rate tariffs, as the presentation of information in the proposed format could confuse consumers. It would need to clearly highlight the periods in which the consumer is using the electricity in order to provide the right prompt.

Consumer Focus has been involved in the DECC consumer working group on cheapest tariff information on energy bills (which has been defined as cheapest widely available Direct Debit tariff).

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[38] See previous examples of our views here **http://bit.ly/xBiHtE** and **http://bit.ly/y0W1FP** and **http://bit.ly/sCw7iP**

[39] **http://bit.ly/xBiHtE** and **http://bit.ly/y0W1FP**

We believe the package of measures proposed by Ofgem, including the tariff label proposal, summary box and improved annual statement are the best means to provide a clear prompt to consumers as well as implementing the coalition proposal. We agree with the new requirement to provide a personalised calculation of the savings available from switching to the supplier's standard Direct Debit on the annual statement. Going forwards, the annual statement / energy report should be used as a prompt to encourage consumers to think about their energy costs and energy usage.

It remains our view that further consumer research would be necessary to understand whether consumers currently paying by QCC/PPM would react positively to the introduction of a specific prompt on every energy bill about the savings available by switching to the standard Direct Debit. As discussed in our response to Q1, there are a number of reasons why consumers paying by QCC or PPMs cannot or will not switch to Direct Debit. We are more comfortable with a signpost appearing on every bill that encourages consumers to contact their supplier about whether there are cheaper tariffs available.

Annual statements

We agree with the proposed changes to annual statements provided in Figure 4 on page 40 and the requirements outlined in paragraph 3.34. We would suggest changing the name to 'Your Energy Report' or similar to ensure it serves a better prompt for action. It would also facilitate consumer empowerment initiatives.

In addition we would like to see suppliers use the Annual Statement as an opportunity to carry out a review of the customer's account to assess whether their customer would benefit by switching to a different tariff.[40] They could then use the Annual Statement to provide the customer with details of alternative options.

We agree with the introduction of the tariff label. Consumer Focus, together with the ERA members and other consumer groups, have been exploring the development of a Key Facts document, which includes the information listed in the proposed tariff label (see Appendix 2).

Our initial focus was to use the 'label' during the marketing and sales process (eg face to face, telesales and online either on the supplier website or price comparison sites) to help drive consistency and improve understanding and awareness among consumers. We agree it would also be useful to include the 'label' on annual statements.

Question 11: We seek views on any proposals to restrict the inclusion of additional materials (eg marketing material) along with SLC 23 notifications.

Consumer Focus agrees with this proposal. The inclusion of marketing materials is a distraction from the purpose of the SLC 23 notification. We suspect that by including such materials, a significant percentage of consumers will ignore the price rise notification letter, assuming it is simply junk mail from their supplier.

[40] http://bit.ly/xyVj0Q

Question 12: We seek views on, along with any supporting data or evidence for, our proposals for information signposted to consumers in option 4 (Tighten and clarify policy intent) for SLC 23 notifications including price increase notifications.

Consumer Focus agrees with the minded-to proposal to adopt elements of Options 3 and 4. As discussed in our response to Q1 above, we have concerns about the restrictive nature of Ofgem's proposed rollover process.

We would support the introduction of a more flexible rollover process that takes account of consumer preferences. Suppliers would be allowed to roll consumers onto a non standard tariff provided it a) had no termination fee and b) was cheaper or the same price as the standard evergreen contract.

Question 13: We seek views on any additional recommendations which stakeholders consider relevant for bills, annual statements and SLC 23 notifications.

Consumer Focus believes the proposed SLC 23 notification letters in Annex 3 are clearly laid out and easy to understand.

Regarding the proposed layout for the Economy 7 letter, it details how much electricity the consumer used during the day and night periods. However it does not put this in percentage terms. This requires the consumer to carry out this calculation. We believe it would be helpful to provide this information to consumers to help them understand their current consumption patterns. It would also be helpful to provide the consumer with information about the minimum percentage of electricity that needs to be used at the night rate in order to benefit from such a tariff.

Question 14: We intend to consult on the content of the Confidence Code separately if and when we take over the governance responsibility for it. However at this stage we welcome any early views on developing the Confidence code.

As Ofgem is aware, Consumer Focus consulted on a series of changes to the Confidence Code (the Code) in 2009/10. The consultation on changes to the Code was a thorough and collaborative process.

The background to this is that in March 2009 Consumer Focus held a seminar with industry and other stakeholders to review the operation of the Code. Some significant issues were raised and it was agreed that a formal consultation was required to address these.

The initial findings from the consultation process indicated that substantial changes to the Code were required. One of the main drivers for this was the increasing complexity and number of tariffs, coupled with the introduction of dubious discounts. It was suggested that there was an element of gaming in tariff design and discount structures designed to get to the top of results tables. We highlighted this in our open letter to Ofgem about energy tariffs in December 2010.[41]

[41] http://bit.ly/xBiHtE

Consumer Focus's consultation process included a series of workshops with price comparison service sites, energy suppliers, Ofgem and the ERA to discuss initial findings and potential changes to the Code. We also carried out consumer research into attitudes and experience of price comparison in the energy market and other sectors in order to build our understanding and knowledge, and establish what consumers want and expect from a price comparison site.

The proposals document was published in July 2010.[42] Analysis of the responses received from industry and stakeholders regarding key changes to the Code highlighted that there were significant objections from suppliers and price comparison sites to some of the key proposals. The decision document published in December 2010[43] provides our response to the views we received from stakeholders on the proposals and explains how we reached our decisions. Key changes to the Code are also listed.

An annual audit against the new requirements in the Code was carried out in 2011. We would be happy to share the results of this year's audit with Ofgem.

Ofgem's proposals for enhanced consumer confidence in switching sites

Consumer Focus agrees with Ofgem that it is essential that information on switching sites is clear, consistent and easy to understand and that consumers are confident in the information provided. As Ofgem has noted, BIS is in the process of considering the future home of the Code as part of the consumer landscape consultation.

We note Ofgem's suggestion in Paragraph 3.87 that it believes that the Code may become a method of helping suppliers comply, as well as a mechanism for dealing with switching sites that don't have any relationships with suppliers. During the 2010 Code consultation process, Consumer Focus put forward several proposals to address problems in energy price comparisons, including a new code of conduct for suppliers' interaction with comparison sites. The majority of suppliers did not support our proposal. Ofgem was silent on the matter in its response.[44]

We are interested in understanding how Ofgem intends the 'Standards of Conduct' to work in practice, in terms of suppliers being held responsible for any switching sites that act as their representatives. The Green Deal is likely to create more opportunities for the sale of energy tariffs in a face to face setting by parties other than employees of the suppliers.[45] It may be appropriate to introduce a new requirement for any Green Deal provider or adviser (independent or otherwise) to use a Confidence Code accredited switching site.

Ofgem must also consider how their proposals will affect popular price comparison sites, which are not Confidence Code accredited, such as gocompare.com and comparethemarket.com.[46]

Termination fees

Termination fees are a feature of many non standard energy supply contracts and it is essential that there is adequate visibility of such fees. In 2010 Consumer Focus consulted on whether termination fees should be included in calculations on switching sites. Following our review of stakeholder responses, we decided that termination fees should not be included in the calculations.

[42] **http://bit.ly/wZWDYe**
[43] **http://bit.ly/wZWDYe**
[44] **http://bit.ly/zyhzE1**
[45] See **http://bit.ly/yYs7Wb**
[46] The energy price comparison service provided by these sites is provided by the Confidence Code accredited sites Energy Shop (comparethemarket.com) and Energylinx (gocompare.com) under white label deals.

However sites needed to make it clear in the product features where termination fees were applicable. In addition, Consumer Focus recommended that sites should inform consumers that their current tariff may attract an exit fee at the start of the price comparison process. It was our hope that the sites would implement this as best practice, as recommended in the Code. Unfortunately this has not been the case. This is an opportunity to review this practice and potentially strengthen the requirements.

Standard tariffs

The key default filter for switching sites is by price. Standard tariffs and non standard tariffs are grouped together in order of price. In the majority of cases, standard tariffs are not in the top 10 cheapest tariffs so they are displayed further down in the list of results.

If consumers wanted to be able to compare standard tariffs more easily, sites could add a new filter which could allow the consumer to opt in and select 'standard tariffs'. This is already permitted within the Code (requirement 5 (B)).The Code states:

> *5(B) A service provider may provide filters so that consumers may search results based on the different types of tariff available or an energy supplier's service rating etc, but these must be opt-in options only.*

A service provider would be able to add in an option for a consumer to choose 'standard' in the pre price comparison assessment process. Furthermore, sites also allow consumers to change the filter while on the results page. Such approaches are already used by sites.

However as previously noted (see Table 1), the majority of consumers who use switching sites don't switch from a standard tariff to another standard tariff. They are more likely to switch from a standard tariff to a non-standard tariff, or from a non-standard tariff to another non-standard tariff.

Telesales

As stated in the Confidence Code decision document,[47] Consumer Focus continues to monitor sales activity, including telesales, as part of our ongoing watchdog role.

Ofgem may wish to look at what a voluntary accreditation scheme for telesales activity might look like. This would need to take into account the practical considerations of how such a scheme could be monitored and what the funding mechanisms might look like.

Tariff information label

At least one switching site offers consumers the ability to hover over the tariff name and bring up a box with extra information. This could be adapted to allow the standardised tariff information label to appear. The majority of other sites would incur further development costs.

Rollover process

Sites are continuing to experience problems in providing consumers with an accurate comparison when they have reached the end of their fixed term tariff because suppliers are not making them aware of the tariffs consumers will be defaulted onto.

These concerns were raised in our November 2011 open letter on energy tariffs and June 2011 RMR response.[48]

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[47] **http://bit.ly/wZWDYe**
[48] **http://bit.ly/y0W1FP** and **http://bit.ly/sCw7iP**

Question 15: We welcome views from stakeholders on our proposals for enhanced monitoring.

With regard to publishing additional information, Ofgem must carefully co-ordinate with Consumer Focus and its successor to ensure there is no duplication of effort and that consumers are not bombarded with information. For example, we are aware that Which? is also looking to introduce its existing kitemark scheme 'Recommended Provider' into the energy sector. The Energy Ombudsman is also reviewing the information it currently provides to consumers and is considering the publication of supplier specific performance data in 2012-13.There are risks associated with several organisations publishing performance information, particularly if the different indices rank suppliers differently. Consumers may end up more confused.

Prior to the publication of supplier complaints data there will need to be an extensive review process to ensure that the data is comparable. Consumer Focus has been unable to publish direct complaints information to date, due to our significant concerns about the quality and comparability of this data. Following the conclusion of the Ofgem investigations into suppliers' compliance with the complaint handling standard, Consumer Focus has restarted work with suppliers on data comparability. We consider it essential that Ofgem is closely involved in this work. In particular, there is a need for the regulator to provide guidance on how to interpret the complaint handling standard to ensure a consistent approach across the industry. Furthermore, the introduction of regular audits could help ensure consistency.

Consumer Focus also believes that the customer complaint handling research commissioned by Ofgem in 2009 and 2010 should continue to be commissioned on an annual basis until comparable direct complaints data is available.

Question 16: We invite specific views on costs and other implications if we were to introduce our proposals. Please provide details and cost estimates where appropriate broken down by each proposal.

Not applicable.

Chapter 4: Standards of Conduct

Question 17: Do you consider the revised SOCs will help achieve our objectives?

Consumer Focus agrees that the existing Standards of Conduct (SOCs), as non binding guidance, have not had the desired impact on supplier behaviour. We agree with the introduction of the revised SOCs as a new licence condition (further information about our views are available in the response to Q19).

We strongly believe that Ofgem should publish detailed guidance alongside the new licence condition to ensure suppliers are fully aware of their responsibilities.

Question 18: Do you agree the revised SOCs should apply to all interactions between suppliers and consumers?

Yes.

Question 19: Do you agree that the SOCs should be introduced as an overarching, enforceable licence condition?

Yes. Consumer Focus agrees with the introduction of Option 1.

We note that some suppliers have expressed concern that introducing the standards of conduct into the supply licences would expose them to unacceptable risk. This view is driven by a perception that Ofgem may interpret them unreasonably, and that it is very difficult for a supplier to challenge an enforcement penalty. It has been suggested to us that two measures could mitigate these concerns including:

1. the introduction of a two stage enforcement process, similar to what exists for SLC 25A and the CPRs
2. a new right to refer a disputed penalty to an independent third party for arbitration – with both regulator and licensee bound by its decision

Consumer Focus would support the introduction of the two stage enforcement process for less serious offenses. This is how we already work with the companies through our 'no surprises' policy. We seek to resolve all issues through negotiation with the companies as this allows for quicker resolution of potential breaches thus delivering better consumer outcomes. Obviously there should not be a requirement to follow a two stage process where there has been a serious breach of the regulations or where the risk of consumer harm is extreme, thus necessitating an immediate opening of an investigation by the regulator.

The second measure is likely to require statutory changes and may therefore be outside the scope of the RMR. Consumer Focus would be comfortable with the introduction of a third party arbitration process – provided this did not simply provide a tool to water down enforcement outcomes. For example, any arbitrator should have the ability to increase as well as decrease fines. We also believe that it should be possible for appeals to be lodged by parties (including, where relevant, consumer groups) who feel that the enforcement outcome is too lenient, as well as by those who feel it is too punitive.

Question 20: Do you have information regarding potential costs this may impose on suppliers?

No. As in our response to Q19, Consumer Focus believes the two stage enforcement process could help mitigate these costs. We also note that although principles based compliance would be a new feature for the energy sector it is not a new concept in regulation – for example, principles based compliance has been applied in the retail financial services sector for many years. We see no reason to believe that such an approach would be unworkable or would result in punitive costs on suppliers.

Chapter 5: Vulnerable consumers

Question 21: Do you agree with our analysis of the impact on vulnerable consumers?

We remain concerned about the impact of the core proposals on vulnerable consumers. We suspect that most vulnerable consumers will remain on standard tariffs (or be defaulted back to the standard tariff once their existing social tariff / product is phased out). Our key concern is that the standard tariff prices will not be competitive so the proposed RMR package will have a limited impact on this group of consumers.

There is a clear link between tariff prices and fuel poverty. The interim report from the Hills review found that if all households in the lowest three income deciles paid the lowest tariffs (defined as the fifth percentile level within each payment type and region), fuel poverty in 2009 would have been 15 per cent lower.

Question 22: What are your views on the need for further intervention?

The Government should explore whether there should be a new fair trade, backstop of social tariff and, if so, what its design should be and the eligibility criteria. Ofgem's role would be to monitor supplier compliance.

Question 23: Who in particular should any additional support be targeted at?

Any further support should be targeted at the Cold Weather Payment plus families in receipt of Child Tax Credit and with an income below the income threshold (as defined by the current CERT Super Priority Group). This could be delivered by data matching with Department of Work and Pensions and Her Majesty's Revenue and Customs benefits information. Further prioritisation could be achieved by cross referencing this with data about the energy efficiency of the housing stock. In that way, the poorest and most vulnerable consumers in the worst housing could be assisted as a priority.

Annex 1 Suppliers Standard Tariff Electricity Prices in p/kWh (all prices are illustrative only)

Supplier	East England	East Midlands	London	Manweb	North East England	North West	North Scotland	South Scotland	South East England	Southern England	South Wales	South West England	Yorkshire
British Gas	13.2	13.3	13.2	13.5	13.4	12.9	14.1	13.3	13.2	13.5	13.4	13.5	13.4
Cooperative Energy	13	13	13	13.1	12.9	13	13.5	13	12.9	12.9	13	12.9	13
Ebico*	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6	12.6
Ecotricity	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.6	14.6	14.6	14.6	14.6	14.5
EDF Energy	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7
E.ON	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
First Utility	13.1	13.2	13.1	13.2	13.2	13.2	13.2	13.2	13	12.9	13.2	13	12.9
Good Energy	15	15	15	14.5	15	15	16	15	14.5	16	15	14.5	15
Green Energy*	14.3	14.2	14.1	14.3	14.3	14.2	14.1	14.3	14.3	14.2	14.1	14.3	14.2
LoCo2	13.7	13.7	14.5	14.5	14.5	13.7	13.7	15	13.7	13.7	14.2	14.1	13.2
Npower	14.6	14.5	14.3	14.5	14.3	14.2	14.6	14.5	14.3	14.5	14.3	14.2	14.1
Ovo	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3	13.3
Scottish Power	14.1	14.1	14.2	13.9	13.4	14	14.1	13.8	14.2	13.9	13.4	14	14.1
Spark Energy	12.5	12.4	13.2	12.3	12.5	12.4	13.2	12.3	12.5	12.4	13.2	12.3	12.3
SSE	12	12.4	12.1	12.2	12	12.4	12.1	12.2	12	12.4	12.1	12.2	12.1
Utilita	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Utility Warehouse *	13.1	13.2	11.5	12.2	12.2	13.1	13.2	11.5	12.2	12.2	11.5	12.2	12.2

* Operate on another supplier's licence so may be barred from from offering a standard tariff under Ofgem's proposal

Annex 2 All fixed, capped or discounted tariffs released by suppliers from the start of 2009 to present and the available payment methods

Supplier	Tariff	Type	DD	QCC	PPM
British Gas	Price Guarantee 2010	Fixed	Yes	Yes	Yes
British Gas	Price Promise June 2010	Fixed	Yes	Yes	
British Gas	Price Guarantee March 2011	Fixed	Yes	Yes	
British Gas	Price Protection March 2012	Fixed	Yes	Yes	
British Gas	Price Protection April 2012	Fixed	Yes	Yes	
British Gas	Price Promise June 2011	Fixed	Yes	Yes	
British Gas	Price Promise June 2012	Fixed	Yes	Yes	
British Gas	Price Promise October 2012 with EnergySmart	Fixed	Yes	Yes	
British Gas	Fixed Price August 2011	Fixed	Yes	Yes	
British Gas	Fixed Price June 2012	Fixed	Yes	Yes	
British Gas	Fixed Price March 2013	Fixed	Yes	Yes	
British Gas	Price Promise March 2013	Fixed	Yes	Yes	Yes
British Gas	Online Fixed	Fixed	Yes		
British Gas	Price Promise April 2014	Fixed	Yes	Yes	Yes
British Gas	Fixed Price June 2013	Fixed	Yes	Yes	
British Gas	WebSaver 2	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 3	Discounted Tariff	Yes	Yes	
British Gas	Track and Save 2011	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 4	Discounted Tariff	Yes	Yes	
British Gas	Online Saver with EnergySmart	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 5 Dual Fuel	Discounted Tariff	Yes		
British Gas	WebSaver 6 Dual Fuel	Discounted Tariff	Yes		
British Gas	Track and Save 2010	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 7 Dual Fuel	Discounted Tariff	Yes		
British Gas	Online Saver 2 with EnergySmart	Discounted Tariff	Yes	Yes	

British Gas	WebSaver 8 Dual Fuel	Discounted Tariff	Yes		
British Gas	Discount Tracker	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 9 Dual Fuel	Discounted Tariff	Yes		
British Gas	WebSaver 10 Dual Fuel	Discounted Tariff	Yes		
British Gas	Online Saver 3 with EnergySmart	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 11 Dual Fuel	Discounted Tariff	Yes		
British Gas	DiscountSaver 2012	Discounted Tariff	Yes		
British Gas	Online Saver 4 with EnergySmart	Discounted Tariff	Yes	Yes	
British Gas	WebSaver 12 Dual Fuel	Discounted Tariff	Yes		
British Gas	Market Monitor	Discounted Tariff	Yes		
British Gas	4% Discount Tracker	Discounted Tariff	Yes		
British Gas	WebSaver 13 Dual Fuel	Discounted Tariff	Yes		
British Gas	Online Saver 5 with EnergySmart	Discounted Tariff	Yes	Yes	
British Gas	Online Energy	Discounted Tariff	Yes		
EDF Energy	Annual Fix version 1	Fixed	Yes	Yes	
EDF Energy	Annual Fix version 2	Fixed	Yes		
EDF Energy	Annual Fix version 3	Fixed	Yes		
EDF Energy	Annual Fix version 4	Fixed	Yes		
EDF Energy	Price Guarantee 2010 (until September 2010)	Fixed	Yes	Yes	
EDF Energy	Fixed Price 2015	Fixed	Yes	Yes	
EDF Energy	Fixed S@ver	Fixed	Yes	Yes	
EDF Energy	Fixed Price 2013	Fixed	Yes	Yes	
EDF Energy	Fixed S@ver V2	Fixed	Yes	Yes	
EDF Energy	Fixed Price 2014	Fixed	Yes	Yes	
EDF Energy	Fix for 2012	Fixed	Yes	Yes	
EDF Energy	Fix to March 2013	Fixed	Yes	Yes	
EDF Energy	Price Protection 2013	Fixed	Yes	Yes	
EDF Energy	Price Protection 2014	Fixed	Yes	Yes	

EDF Energy	Energy Discount Plan	Discounted Tariff	Yes		Only in Eastern, London, Northern, Seeboard, Southern & Sweb
EDF Energy	Online S@ver v2	Discounted Tariff	Yes		
EDF Energy	Online S@ver v3	Discounted Tariff	Yes	Yes	
EDF Energy	Online S@ver v4	Discounted Tariff	Yes	Yes	
EDF Energy	Online S@ver v5	Discounted Tariff	Yes	Yes	
EDF Energy	Energy Discount Plan V2	Discounted Tariff	Yes	Yes	Yes
EDF Energy	Online S@ver v6	Discounted Tariff	Yes	Yes	
EDF Energy	Energy Discount Plan V3	Discounted Tariff	Yes	Yes	Yes
EDF Energy	Online S@ver v7	Discounted Tariff	Yes	Yes	
EDF Energy	Energy Discount Plan V4	Discounted Tariff	Yes	Yes	Yes
EDF Energy	Online S@ver v8	Discounted Tariff	Yes	Yes	
EDF Energy	Online S@ver v9	Discounted Tariff	Yes	Yes	
EDF Energy	Energy Saver	Discounted Tariff	Yes		
EDF Energy	Online S@ver v12	Discounted Tariff	Yes	Yes	
EDF Energy	Online S@ver v10	Discounted Tariff	Yes	Yes	
EDF Energy	Energy Discount Plan V5	Discounted Tariff	Yes	Yes	Yes
EDF Energy	Energy Saver v2	Discounted Tariff	Yes		
E.ON	FixOnline No Standing Charge	Fixed	Yes		
E.ON	Energy Saver v8	Capped	Yes	Yes	
E.ON	FixOnline 2	Fixed	Yes		
E.ON	EnergySaver 9	Capped	Yes	Yes	
E.ON	FixOnline 3	Fixed	Yes		
E.ON	Price Protection R1	Capped	Yes	Yes	
E.ON	Price Protection R2	Capped	Yes	Yes	
E.ON	Price Protection R3	Capped	Yes	Yes	
E.ON	Fixed Price 4	Fixed	Yes	Yes	

E.ON	FixOnline 4	Fixed	Yes		
E.ON	EnergySaver R1	Capped	Yes		
E.ON	FixOnline 5	Fixed	Yes		
E.ON	FixOnline 6	Fixed	Yes		
E.ON	Price Protection April 2012	Capped	Yes	Yes	
E.ON	FixOnline 7	Fixed	Yes		
E.ON	Price Protection May 2012	Capped	Yes	Yes	
E.ON	FixOnline 8 until July 2011	Fixed	Yes		
E.ON	FixOnline 9 until March 2012	Fixed	Yes		
E.ON	Age UK Price Protection May 2012	Capped	Yes	Yes	
E.ON	Price Protection April 2013	Capped	Yes	Yes	
E.ON	Price Protection April 2014	Capped	Yes	Yes	
E.ON	Age UK Price Protection April 2013	Capped	Yes	Yes	
E.ON	Price Protection September 2012	Capped	Yes	Yes	
E.ON	Price Control	Capped	Yes	Yes	
E.ON	Fixed Price 5	Fixed	Yes	Yes	
E.ON	Age UK Fixed Price July 2013	Fixed	Yes	Yes	
E.ON	Fixed Price April 2013	Fixed	Yes	Yes	
E.ON	Age UK Fixed Price October 2013	Fixed	Yes	Yes	
E.ON	Fixed Price October 2012	Fixed	Yes	Yes	
E.ON	Fixed Price October 2013	Fixed	Yes	Yes	
E.ON	Fixed Price Saver April 2013	Fixed	Yes	Yes	
E.ON	Fixed Price Saver June 2013	Fixed	Yes	Yes	
E.ON	EnergyOnline Extra Saver 12	Discounted Tariff	Yes		
E.ON	EnergyOnline Extra Saver 13	Discounted Tariff	Yes		
E.ON	EnergyDiscount 3	Discounted Tariff	Yes	Yes	
E.ON	Track and Save 2	Discounted Tariff	Yes	Yes	
E.ON	EnergyOnline Extra Saver 14	Discounted Tariff	Yes		
E.ON	EnergyDiscount 4	Discounted Tariff	Yes	Yes	

E.ON	SaveOnline	Discounted Tariff	Yes		
E.ON	WinterGas	Discounted Tariff	Yes	Yes	
E.ON	Track and Save 3	Discounted Tariff	Yes	Yes	
E.ON	EnergyDiscount 5	Discounted Tariff	Yes	Yes	
E.ON	Track and Save 4	Discounted Tariff	Yes	Yes	
E.ON	Track and Save 5	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 2	Discounted Tariff	Yes		
E.ON	Track and Save 6	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 3	Discounted Tariff	Yes		
E.ON	EnergyDiscount 6	Discounted Tariff	Yes	yes	
E.ON	Track and Save 7	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 4	Discounted Tariff	Yes		
E.ON	SaveOnline 5	Discounted Tariff	Yes		
E.ON	Track and Save 8	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 6	Discounted Tariff	Yes		
E.ON	Track and Save 9	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 7	Discounted Tariff	Yes		
E.ON	SaveOnline 8	Discounted Tariff	Yes		
E.ON	Track and Save 10 (pre 1 August 2011)	Discounted Tariff	Yes	Yes	
E.ON	Track and Save 10	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 9	Discounted Tariff	Yes		
E.ON	SaveOnline 10	Discounted Tariff	Yes		
E.ON	Track and Save 11	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 11	Discounted Tariff	Yes		
E.ON	Track and Save 12	Discounted Tariff	Yes	Yes	
E.ON	SaveOnline 12	Discounted Tariff	Yes		
first:utility	Smart as Standard Fixed July 2012 v1	Fixed	Yes		
first:utility	iSave Fixed Price v1 March 2013	Fixed	Yes		
LoCO2 Energy	Pocket Saver	Fixed	Yes		

LoCO2 Energy	Pocket Fixed	Fixed	Yes		
LoCO2 Energy	Pocket Fixed 2	Fixed	Yes		
LoCO2 Energy	Planet Fixed	Fixed	Yes		
npower	Go Fix	Fixed	Yes		
npower	Go Fix XL	Fixed	Yes		
npower	Price Guarantee 2011 (pre 16 June 2010)	Fixed	Yes		
npower	Go Fix 2	Fixed	Yes		
npower	Capped Price Reward	Capped	Yes		
npower	Price Guarantee 2011	Fixed	Yes		
npower	Go Fix 3	Fixed	Yes		
npower	Price Fix 2012 (until December 2011)	Fixed	Yes		
npower	TRIO	Fixed	Yes		
npower	Go Fix 5	Fixed	Yes		
npower	Price Protector (pre 10 June 2011)	Capped	Yes		
npower	Go Fix 6	Fixed	Yes		
npower	Price Protector	Capped	Yes		
npower	Price Fix 2013	Fixed	Yes		
npower	Go Fix 7	Fixed	Yes		
npower	Winter Fix	Fixed	Yes	Yes	
npower	Go Fix 8	Fixed	Yes		
npower	Flex Saver Feb 2013	Capped	Yes	Yes	
npower	Go Fix 10	Fixed	Yes		
npower	Energy Discount December 2013	Fixed	Yes	Yes	
npower	Energy Discount 2011	Discounted Tariff	Yes	Yes	Yes
npower	Sign On-Line 17	Discounted Tariff	Yes		
npower	WEB 17	Discounted Tariff	Yes		
npower	Sign On-Line 18	Discounted Tariff	Yes		
npower	Football Saver	Discounted Tariff	Yes		
npower	Sign On-Line 19	Discounted Tariff	Yes		

npower	Football Saver 2	Discounted Tariff	Yes		
npower	Sign On-Line 20	Discounted Tariff	Yes		
npower	Sign On-Line 21	Discounted Tariff	Yes		
npower	Football Saver 3	Discounted Tariff	Yes		
npower	Sign On-Line 22	Discounted Tariff	Yes		
npower	Bill Saver	Discounted Tariff	Yes		
npower	Sign On-Line 23	Discounted Tariff	Yes		
npower	Sign On-Line 24	Discounted Tariff	Yes		
npower	Football Online	Discounted Tariff	Yes		
npower	Sign On-Line 25	Discounted Tariff	Yes		
npower	Bill Saver May 2013	Discounted Tariff	Yes	Yes	
npower	Sign On-Line 26	Discounted Tariff	Yes		
Ovo Energy	New Energy (pre 22 Oct 09)	Fixed	Yes		
Ovo Energy	Green Energy (pre 22 Oct 09)	Fixed	Yes		
Ovo Energy	New Energy (pre 24 Mar 10)	Fixed	Yes		
Ovo Energy	Green Energy (pre 24 Mar 10)	Fixed	Yes		
Ovo Energy	New Energy Fixed (Pre 27 Apr 10)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (Pre 27 Apr 10)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 20 Aug 2010)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre 20 Aug 2010)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 23 Sep 10)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre 23 Sep 10)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 6 Dec 10)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre 6 Dec 10)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre Feb 11)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre Feb 11)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 4 Mar 11)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre 4 Mar 11)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 12 Aug 2011)	Fixed	Yes		

Ovo Energy	Green Energy Fixed (pre 12 Aug 2011)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 26 Oct 11)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre 26 Oct 11)	Fixed	Yes		
Ovo Energy	New Energy Fixed (pre 6 Jan 12)	Fixed	Yes		
Ovo Energy	Green Energy Fixed (pre 6 Jan 12)	Fixed	Yes		
Ovo Energy	New Energy Fixed	Fixed	Yes		
Ovo Energy	Green Energy Fixed	Fixed	Yes		
ScottishPower	Capped Price Energy July 2010	Capped	Yes		
ScottishPower	Capped for Free	Capped	Yes		
ScottishPower	Online Energy Saver 5	Capped	Yes		
ScottishPower	Fix 'n' Flex	Fixed	Yes		
ScottishPower	Capped Price Energy September 2010	Capped	Yes		
ScottishPower	Capped Price Energy September 2011	Capped	Yes		
ScottishPower	Fix n Flex April 2011	Fixed	Yes		
ScottishPower	PriceSure Energy	Fixed	Yes		
ScottishPower	Capped Price Energy June 2012	Capped	Yes		
ScottishPower	Online Energy Reward	Fixed	Yes		
ScottishPower	Capped for Free	Fixed	Yes		
ScottishPower	Capped Price Energy April 2011	Fixed	Yes		
ScottishPower	Platinum Fixed Energy January 2014	Fixed	Yes		
ScottishPower	Capped Price Energy December 2012	Capped	Yes		
ScottishPower	Unifi Capped Energy April 2013	Capped	Yes		
ScottishPower	Capped Price Energy June 2013	Capped	Yes		
ScottishPower	Capped Price Energy September 2012	Capped	Yes		
ScottishPower	Capped Price Energy June 2013	Capped	Yes		
ScottishPower	Platinum Fixed Energy January 2014 v2	Fixed	Yes		
ScottishPower	Platinum Fixed Energy January 2014 v3	Fixed	Yes		
ScottishPower	Unifi Capped Energy November 2013	Capped	Yes		
ScottishPower	Fixed Price Energy January 2015	Fixed	Yes		

ScottishPower	Capped Price Energy January 2014	Capped	Yes	Yes	
ScottishPower	Unifi Capped Energy January 2014	Capped	Yes		
ScottishPower	Online Fixed Saver November 2012	Fixed	Yes		
ScottishPower	Platinum Fixed Energy January 2014 v4	Fixed	Yes		
ScottishPower	Online Fixed Saver December 2012	Fixed	Yes		
ScottishPower	Fixed Saver April 2013	Fixed	Yes		
ScottishPower	Online Fixed Price Energy December 2012	Fixed	Yes		
ScottishPower	Platinum Fixed Energy October 2013	Fixed	Yes		
ScottishPower	Online Fixed Price Energy January 2013	Fixed	Yes		
ScottishPower	Online Fixed Price Energy April 2013	Fixed	Yes		
ScottishPower	Online Fixed Price Energy May 2013	Fixed	Yes	Yes	
ScottishPower	Fixed Saver June 2013	Fixed	Yes		
ScottishPower	Discounted Energy	Discounted Tariff	Yes		
ScottishPower	Discounted Energy July 2010	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 6	Discounted Tariff	Yes		
ScottishPower	Discounted Energy December 2011	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 7	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 8	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 9	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 10	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 11	Discounted Tariff	Yes		
ScottishPower	Price Tracker April 2011	Discounted Tariff	Yes		
ScottishPower	Simply Green Energy Online NSC	Discounted Tariff	Yes		
ScottishPower	Discounted Energy August 2011	Discounted Tariff	Yes		
ScottishPower	Price Tracker October 2011	Discounted Tariff	Yes		
ScottishPower	Discounted Energy March 2012	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 12	Discounted Tariff	Yes		
ScottishPower	Discounted Energy April 2011	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 13	Discounted Tariff	Yes		

ScottishPower	Discounted Energy March 2013	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 14	Discounted Tariff	Yes		
ScottishPower	Direct October 2012	Discounted Tariff	Yes		
ScottishPower	Discounted Energy October 2013	Discounted Tariff	Yes		
ScottishPower	Simply Green Energy NSC	Discounted Tariff	Yes		
ScottishPower	Discounted Energy October 2013 V2	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 15	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 16	Discounted Tariff	Yes		
ScottishPower	Online Energy Saver 17	Discounted Tariff	Yes		
ScottishPower	Help Beat Cancer Discounted Energy January 2015	Discounted Tariff	Yes		
ScottishPower	Help Beat Cancer Discounted Energy Jan 2015 Online	Discounted Tariff	Yes		
Atlantic	Online Fixed Price September 2011	Fixed	Yes		
Atlantic	Fixed Price 3	Fixed	Yes		
Atlantic	Fixed Price 4	Fixed	Yes		
M&S Energy	Fixed Price	Fixed	Yes	Yes	
Scottish Hydro	Price Fix 3 September 2010	Fixed	Yes	Yes	
Scottish Hydro	Fixed Price August 2010	Fixed	Yes		
Scottish Hydro	Price Fix 4 September 2011	Fixed	Yes	Yes	
Scottish Hydro	Price Fix 5 March 2012	Fixed	Yes	Yes	
Scottish Hydro	Price Fix 6	Fixed	Yes	Yes	
Scottish Hydro	Price Fix 7	Fixed	Yes	Yes	
Scottish Hydro	Fixed Price Plan	Fixed	Yes		
Scottish Hydro	Fixed Discount 2010	Discounted tariff	Yes		
Scottish Hydro	Fixed Discount 2010 Standard	Discounted tariff	Yes	Yes	
Scottish Hydro	Go Direct	Discounted tariff	Yes	Yes	
Scottish Hydro	Go Direct 2	Discounted tariff	Yes	Yes	
Scottish Hydro	Go Direct 3	Discounted tariff	Yes	Yes	
Scottish Hydro	Go Direct 4	Discounted tariff	Yes	Yes	

Scottish Hydro	Go Direct 5	Discounted tariff	Yes	Yes	
Scottish Hydro	Fixed Discount January 2014	Discounted tariff	Yes	Yes	
Utility Warehouse	Fixed Price	Fixed	Yes		

Source: energyhelpline

Annex 3

It is Consumer Focus' view that this document is currently too detailed. We think it is more useful as a tool that it designed to give consumers a personalised consumption figure, rather than the low, medium or high user comparison.

However, the proposed research by the ERA will be able to further refine this document.

<table>
<tr><th>Key Fact</th><th colspan="6">Options</th></tr>
<tr><td>Tariff name</td><td colspan="6"></td></tr>
<tr><td>Average annual bill</td><td colspan="2">£X for a low user</td><td colspan="2">£X for a medium user</td><td colspan="2">£X for a high-user</td></tr>
<tr><td>Give me an estimate</td><td colspan="6"></td></tr>
<tr><td>Discounts and extras</td><td colspan="6"><Supplier discretion></td></tr>
<tr><td>Tariff type</td><td>VARIABLE – unit prices can go up or down</td><td>TRACKER – unit prices are linked to the reference stated below, and can go up or down</td><td colspan="2">CAPPED – unit prices can vary, but cannot go above the level defined below</td><td>FIXED PRICE – unit prices stay the same</td><td>FIXED BILL – you pay the same each month however much energy you use</td></tr>
<tr><td>Tracker reference</td><td colspan="6">Prices are guaranteed to be <cheaper/a minimum of X% cheaper> than <name variable product></td></tr>
<tr><td>Ways you can pay</td><td colspan="2">Direct Debit</td><td colspan="2">Cash, cheque, credit or debit card</td><td colspan="2">Pre-pay</td></tr>
<tr><td>Account management options</td><td colspan="3">Online, <frequency> billing</td><td colspan="3">Offline, <frequency> paper billing</td></tr>
<tr><td>Contract end date</td><td colspan="2">None</td><td colspan="4"><Insert date></td></tr>
</table>

What happens at the end of the contract?	n/a		<Relevant supplier> will notify you <X days> before the end of the term. If you take no action you will automatically be moved onto <product name>, which is a <tariff type> tariff with a<fixed/ongoing> term and <a termination/no termination> charge	
Early cancellation fee?)	None		£<insert number>, but this will not apply in some circumstances, such as if prices go up	
Standing charge	No. This means that the bill is zero if you use no energy. However, you may pay a higher unit rate for the energy you do use.		Yes. £<insert number> per year. This is charged at <Xp> per day for <X region>, but varies by region	
Unit price(s)	Xp/kWh	Daytime (peak) rate: Xp/kWh 7-hour overnight rate: Wp/kWh	Yp/kWh for first <X number> of kWh per year and Zp/kWh thereafter	Daytime (peak) rate: Yp/kWh for first <X number> of kWh per year and Zp/kWh thereafter 7-hour overnight rate: Wp/kWh
IGT customers	Extra charge of <insert charge>		No extra charge	
Applicable meter-types				
Taking meter readings	Customer must read the meter every <X months> as a condition of the deal		Encouraged but not mandatory	
Other restrictions				

Consumer Focus consultation response to Ofgem Retail Market Review proposals
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