

## Energyhelpline submission to Department for Business, Energy and Industrial Strategy consultation on Flexible and Responsive Energy Retail Markets

### About energyhelpline

- energyhelpline is a price comparison service that specialises in helping consumers, particularly some of the most vulnerable, find a better energy deal.
- We share the government's vision to create a competitive market where innovation brings greater choice for consumers. Having worked closely with Ofgem on the CMA's disengaged customer database remedy we have helped test a series of trials to encourage consumers, particularly the most vulnerable, to engage with the market and save money on their energy bills.

### Question 1: Do you agree with our vision for the future of the energy retail market, the outcomes we are seeking to achieve and our characterisation of the key challenges we need to overcome?

We support the five areas highlighted in the government's vision for the future of an energy retail market. In response to this question, we have focused our comments on two areas where our experience with the regulator has helped some of the most disengaged consumers find a more competitive energy deal – which has begun to deliver long term engagement.

#### Competitive prices for all

- energyhelpline wholeheartedly supports this priority area, as it is a fundamental part of delivering a fair and fully functioning energy retail market. We have considerable experience of working with Ofgem on the disengaged customer database to help consumers receive a competitive price on their energy deal.
- In 2016, the Competition and Markets Authority asked Ofgem to find new and more effective ways to help consumers get better energy deals across the market. As part of this the CMA called for the development of a database of 8 million 'disengaged customers' who have been on a standard variable tariff with the same supplier for over three years.
- Ofgem has progressed the implementation of this remedy, and the regulator has been trialling a series of different approaches to contacting consumers. Last year, energyhelpline ran the most successful of these trials to date, helping the most disengaged consumers switch faster and onto more competitive deals.
- In total, we have worked closely with Ofgem to deliver three consumer engagement trials:

energyhelpline-led consumer engagement trials			
	First trial	Second trial	Third trial
<b>Customers</b>	48,326	84,303	85,741
<b>Running time</b>	February – April 2018	November – December 2018	February – March 2019
<b>Method of contact</b>	Letters providing customers with information on savings available by moving on to a Collective switch tariff negotiated by energyhelpline		

Switching rate of customers involved			
	First trial	Second trial	Third trial
The number of customers involved in the trial	48,326	84,303	85,741
The number of customers who engaged by comparing deals through energyhelpline	20,500 (42%)	25,219 (30%)*	39,100 (46%)
The percentage of customers who had compared deals through energyhelpline and then went on to switch	7,815 (38%)	15,040 (60%)	19,974 (51%)
Overall switching rate of all customers involved in the trial through energyhelpline	16%	18%	23%

\*Engagement was lower due to the price cap levels at the time. During the trial, the original supplier wrote to its customers to reduce their current price as they implemented the lower price cap.

Customer savings			
	First trial	Second trial	Third trial
Average customer saving	£318	£162**	£309
Total savings of customers who switched	£2.5 million	£2.43 million	£6.17 million
Total customer savings across all energyhelpline-led trials	£11.04 million		

\*\*The price cap was low at this time.

- We believe that our initial findings provide compelling evidence of the success of these trials in offering a route to deliver competitive prices for consumers. As Ofgem considers remedies to help those most in need we would encourage the regulator to build on our encouraging findings by holding further consumer engagement trials by spring 2020. This will allow Ofgem to continue to test and minimise the risks associated with rapidly upscaling to engage the database in its entirety and help consumers find competitive prices in the market.

#### Ensuring consumers in vulnerable situations receive services they need

- These trials have been particularly successful in helping some of the most vulnerable consumers save money on their energy bills by switching supplier:

Ensuring vulnerable consumers receive a good deal			
	First trial	Second trial	Third trial
The percentage of customers that switched who could be classed as vulnerable	46%	46%	35%***
Percentage of customers who could be classed as vulnerable who used the call centre to switch	67%	64%	86%

\*\*\* As the collective winner in the third trial did not ask for PSR information we have less data on this and, as such, the figure is lower.

- In addition, energyhelpline's call centre was particularly crucial in encouraging elderly customers to engage:

	First trial	Second trial	Third trial
Percentage of switches made by customers over 75 years old	24%	21%	28%
Percentage of over 75-year olds who used the call centre to switch	84%	85%	86%

- Ofgem now has an opportunity to improve services for vulnerable consumers, particularly the way in which it communicates to those that are harder to reach.
- We believe there is capacity to form partnerships with leading consumer groups such as Scope and Citizens Advice to identify new ways to engage with hard to reach consumers. For example, letters informing consumers of better deals could include a consumer group's branding, which would provide added credibility.
- Consideration could also be given to offering letters in Braille and holding drop-in centres for customers to speak about their energy deal options in person.
- Alongside this, by holding further trials, Ofgem should make it a requirement that all suppliers offer energy deals that offer support to pre-payment customers, single fuel customers and Economy 7 customers. For example, in the collective auctions, each deal negotiated should offer specific deals for these types of customers.

**Question 7. Would removing the thresholds for the Energy Company Obligation and Warm Home Discount help remove imbalances in the retail market, and could this be done without significantly increasing barriers to supplier entry or expansion in the retail market?**

We believe that the WHD provides benefits for those consumers most in need of additional support in colder months and also agree that it distorts pricing in the market; new entrants don't have to factor it into their pricing, meaning those consumers that don't rely on WHD have a cheaper range of suppliers to choose from. Customers that do rely on the WHD potentially have a barrier to switching due to the WHD only being applicable for certain suppliers and (our understanding is that) eligibility criteria for non-core customers not being standardised. For example, customers may be able to save £300 by switching, but they could lose the security of a one off payment in spring when their bills are likely to increase.

**Question 17. What protections or support may be required to engage consumers in vulnerable situations in the future market?**

- It is important for government to have a variety of solutions in place to help consumers in vulnerable situations. As part of this, the removal of the energy price cap on default and standard variable tariffs could assist consumers in vulnerable situations in the long term. The goal of the cap is to reduce consumer bills and encourage engagement in the energy retail market. We believe that our work with Ofgem has demonstrated that the 8 million disengaged customer database remedy has the potential to achieve both, which could both negate the need for the cap and assist consumers in vulnerable situations.

- A possible negative outcome of the cap is continued disengagement from vulnerable consumers that don't understand the market. The database remedy has sought to address this and we would encourage Ofgem to hold further trials, with larger volumes to develop further learnings and improve this engagement rate further.
- The energy price cap was introduced because the energy retail market was not working for consumers, particularly the most vulnerable. Our work with Ofgem has shown that the 8 million disengaged customer database remedy is a vital way of reducing bills and engaging consumers. Ofgem and government should give serious consideration to whether the full implementation of this remedy could provide a long-term solution to the price cap and drive engagement for vulnerable consumers. From our initial findings, we believe that the implementation of the remedy will deliver long term engagement in the energy retail market, which will ultimately help the market work for all consumers.