

**Ofgem**  
Retail Markets  
9 Millbank  
London  
SW1P 3GE  
[rmr@ofgem.gov.uk](mailto:rmr@ofgem.gov.uk)

**Ovo Energy**

Wellington House  
Kemble Enterprise Park  
Cirencester  
Gloucestershire  
GL7 6BQ

**REF: Ovo Energy consultation response - Retail Market Review (RMR)**

Dear Sir/Madam,

We would like to thank Ofgem for the opportunity to respond on their proposals. We hope that the below comments will be considered during the policy making process, and will happily provide further clarity or comments with regards to any of the below if required.

**Competition within the supply market**

There are some interesting proposals within this document which are designed to address competition in the market place. However, we are very disappointed to see that Ofgem have neglected to comment on (nor have they proposed to address) the recent counter-competitive practices employed by many of the major suppliers within the energy supply market.

Several of the larger suppliers have admitted to 'predatory pricing' or the introduction of 'loss leading' tariffs, so we find it very disheartening that there is no mention of this behaviour within the review; we have to question why there are no proposals to stamp out this type of behaviour.

We note that Ofgem have retained the option to *refer the supply market to the Competition Commission for a market investigation*; we feel that, due to the lack of proposals around this aspect of competition, this investigation should be commissioned. Predatory pricing and loss leading tariffs act to prohibit smaller suppliers from taking a greater market share and will only act as a further barrier to entry and to reduce overall competition within the supply market.

**Tariff proposals**

We believe that Ofgem's tariff proposals do not go far enough and we question why the proposal for a set standing charge is limited only to a suppliers 'Standard' tariff. If this is broadened to encompass all tariffs, this will only help to make it easier for the consumer to understand and compare offers. Whilst we appreciate that Ofgem do not want to limit consumer choice, we argue that it will only work to increase confidence in the offers available as customers can more easily understand if they are on the best deal. This will also work to encourage competition and customer switching rates. We have further comments around this which will be addressed in further detail in response to Ofgem's new consultation on the standardised element of tariff structure.

Ofgem's proposal for a six month price guarantee is un-necessary; the current 30 day guarantee is sufficient and should not be further extended.

### **Tariff information labels**

We agree that the tariff information label is a good idea, and it will help to benefit consumers in the long run. We believe this is a sensible way to allow consumers to accurately and easily compare tariffs and products; the more information that is provided at the point of signup the better.

However, this must be officially audited, under strict guidelines, and not simply outsourced to a consumer group. This should instead should be managed by Ofgem and taken from a randomised selection of each supplier's customers. This will allow a fair and random representation of the supplier's customer base and will allow a more accurate understanding of what their customers think.

### **Other proposals**

With regards to Ofgem's comments on the Confidence Code; this currently doesn't deliver the protection that it promises consumers and the vast majority of comparison sites can easily manipulate the current system. We will happily provide further thoughts on this, if and when required.

The issue of vulnerable customers and access to the best offers is still not appropriately addressed in this document, and we suggest that this should form part of a wider consultation. There are several key points that we would like to address around this, and believe that Ofgem should run a wider consultation that focusses specifically on this cross-section of Society. Again, we will happily provide further thoughts on this, if and when required.

### **Summary**

In summary we are disappointed with the proposals that Ofgem have made, and suggest that many of them do not go far enough to protect the consumer or stimulate competition. The anti-competitive behaviour that we have seen since entering the market place certainly needs to be addressed and this will lead to a far greater opportunity for new suppliers to both enter the market place and grow. We suggest therefore that if Ofgem are unwilling to confront this issue then it should indeed be referenced to the Competition Commission for further investigation.

Furthermore, increasing the amount of information available to customers will only help to increase trust and confidence with the energy supply market, and will help to ensure that customers are always able to easily and accurately compare suppliers and products.

We will happily provide any further clarity where necessary.

Yours Sincerely,

Stephen Fitzpatrick  
**Managing Director - Ovo Energy**