

# A simpler, clearer, and fairer energy market for consumers

It is getting easier to find a better deal on your energy bills as Ofgem is putting in place the most radical reforms of the retail energy market since competition began.

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**This factsheet sets out Ofgem's reforms for a simpler, clearer and fairer market that will make it easier for you to understand your energy supply and to choose the best deal. The rollout of these remedies has already begun, and will be complete by the end of June 2014.**

**Ofgem's rules will give you much more protection in the energy market and ensure that suppliers work harder to provide a better service for you. All these reforms are backed up by our powers to take action against suppliers if they break the rules.**

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## What a simpler, clearer, fairer energy market will mean for you

Ofgem's rules will help you to assess your energy options through:

- **simpler choices** – by reducing the number and complexity of tariffs
- **clearer information** – by improving the quality of information you are provided with
- **fairer treatment** – new rules to ensure energy suppliers treat their customers fairly.

## Simpler choices – by the end of 2013

- Consumers told us that they found the **number of tariffs confusing**. We have tackled this problem by **limiting** the number of tariffs each supplier can offer. Once you have decided how you want to pay you will only have to choose from **four tariffs for gas and four for electricity per supplier**.
- Consumers told us **tariffs were too complex** and difficult to compare. We have addressed this problem by banning complex tiered tariffs - where consumers are initially charged a higher rate, which falls the more they use. Suppliers will now only be allowed to have **one structure for tariffs** – a standing charge (which can be zero) with a unit rate. Some suppliers have tariffs with a zero standing charge, and if demand for them continues, we expect suppliers to keep offering them.
- Consumers also told us they were **confused by the range of discounts and bundled products suppliers offered**. In some cases, the savings consumers thought they would make did not materialise. We have tackled this problem by **simplifying cash discounts so that only two can be offered. They will be for dual fuel (where you take gas and electricity from the same supplier) and for managing your account online.**

## Clearer information – by the end of March 2014

Consumers told us that the information they receive can often be confusing, and, unhelpful when attempting to compare tariffs. Our new clearer information rules will remedy this.

- Your supplier will have to **tell you regularly in writing which of their tariffs is cheapest for you**. They will have to provide you with personalised savings messages on bills, annual statements and other communications.
- You will have **Clearer bills**, with suppliers required to provide key information about your tariff and how much energy you use on each bill. Having all this to hand will help you compare prices.
- When suppliers notify you of **price changes** they will have to spell out what that means in **pounds and pence**.
- We will also introduce **new tools to help you compare** tariffs, these will be included on bills, annual statements and other communications. The **Tariff Comparison Rate (TCR)** will allow you to quickly make an approximate comparison of tariffs across the market - like the annual percentage rate (APR) for credit cards. **Personal Projections** will give you an accurate picture of your costs for the next 12 months. This will help you to make accurate, personalised comparisons.

## Fairer treatment – in place now

- Since the end of August 2013, **tough new standards of conduct** have been in place requiring suppliers to ensure consumers receive fairer treatment. Suppliers, and their representatives, will have to behave in a **fair, honest** and **professional** manner in all their dealings with you. They must make sure that information provided to you is **accurate** and **not misleading**. They have to ensure that they are **easily contactable**, and when things go wrong, they must act **promptly** and **courteously** to put it right. If suppliers breach these standards we have the ability to investigate them and impose fines if necessary.
- If you signed up to a fixed-term deal, on or after July 15th 2013, your supplier will not be able to increase the price.
- Suppliers are now required to let you know in advance of any price increase or changes to your contract, which are a disadvantage to you. If you decide to switch as a result of the change, you no longer have to inform your supplier to avoid the higher rates.\*
- You will receive a **notice 42-49 days before the end date** of a fixed-term tariff to inform you that your tariff is coming to an end. Should you choose to switch after this point, suppliers can't charge you a termination fee.
- If you choose not to switch at the end of your fixed-term tariff, you cannot be rolled onto another fixed-term tariff with a termination fee. Instead you will be **rolled automatically onto the cheapest standard tariff** with your supplier.

In addition, by the end of June 2014, any consumers who are on old, expensive, standard tariffs that are no longer open to new customers (so-called 'dead tariffs') will be switched to their supplier's cheapest standard rate. That means they will automatically save money without having to do anything. If the dead tariff is still cheaper than the standard tariff, they will not be automatically moved off it.

\*Customers with outstanding charges on their accounts may need to pay these off before they can benefit from these rules

## Are you on the best energy deal?

Here is how to get the information you need to make a good decision under our reforms:



## What you can do now

The best place to start is with your annual statement or a recent bill. We are making changes to ensure these are improved in future, but even now they have the information you need to compare tariffs. Your annual consumption and current tariff information is the most useful information to have to hand, to enable accurate price comparisons.

- **Talk to a supplier** – they can tell you what other tariffs they have and which may be the best for you.
- **Shop around** – check out price comparison services as accredited by Ofgem's Confidence Code:  
<https://www.ofgem.gov.uk/information-consumers/domestic-consumers/switching-your-energy-supplier/confidence-code>
- If you need advice and help contact Citizens Advice on **0845 404 0506**

Beyond comparing and switching tariffs there are other steps you could take to reduce your energy costs.

- Check out ways your home can be made more energy efficient. Phone Energy Saving Trust on **0300 123 1234** or visit <http://energysavingtrust.org.uk>

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