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“Consultation on a framework for consumer standards and policy options to address priority customer service issues” – So Energy Response

Dear Jemma,

So Energy is a leading energy supplier providing great value 100% renewable electricity to homes across England, Wales and Scotland. We have consistently been recognised by our customers and the wider industry for our outstanding customer service since we were founded in 2015, including being a Which? Recommended Provider and have topped the Citizens Advice’s Supplier League Table. So Energy is one of the early adopters of the EUK Vulnerability Commitment launched in 2020, helping create a better customer experience for vulnerable customers year on year. In August 2021, So Energy merged with ESB Energy, and our combined business now supplies over 300,000 domestic customers. As one of the last challenger suppliers left in the market and one that is backed by ESB’s resources and expertise, So Energy is able to provide a unique view of the quality of service in today’s energy market.

We welcome the opportunity to respond to this consultation and provide our feedback regarding the proposal to ‘bridge the gap’ on existing standards to address consumer’s ease of contact when getting through to their suppliers, tailoring services to vulnerable customers in payment difficulty and monitoring standards going forward¹. We would like to draw your attention to the following key points:

1. The case made for intervention has serious and fundamental flaws, not adequately accounting for the impact that key external factors have had on customer service performance – namely Covid-19 and the subsequent Energy Crisis. When these broader points are taken into account, it is questionable whether declines in customer service performance could have been avoided through further regulation.
2. The relationship between the cost of energy and customer service performance hasn’t been properly accounted for in the diagnosis of the problem and this has led to misguided solutions being put forward in this consultation. Put simply, when cost rises, customer service metrics fall. Suggesting costly interventions with the goal of improving customer service will likely provide worse outcomes for consumers, not better.
3. A poll of our customers showed that 95% were unwilling to pay any additional money for Option 1 and 93% were unwilling to pay any additional money for Option 2. In the current energy crisis, customers are unwilling and unable to shoulder additional cost burden. Therefore, it is essential that **any proposal must be cost neutral or deliver a reduction in cost for consumers.**
4. Fixed tariffs are about to return to the market, which is a good thing for customer service

¹ Consultation on a framework for consumer standards and policy options to address priority customer service issues, Ofgem, 2023, <https://www.ofgem.gov.uk/sites/default/files/2023-05/Consultation%20on%20framework%20for%20consumer%20standards%20and%20policy%20options%20to%20address%20priority%20customer%20service%20issues%20-%20Final.pdf>

performance as it provides price certainty over a longer period. However, the fixed tariff market can only sustain itself if sufficient lead time is given to factor substantive cost changes into our fixed tariffs, otherwise a significant risk premium will need to be attached to these tariffs. The current suggested timeline is incompatible with reviving the fixed tariff market.

5. We are also deeply concerned about the impact that these proposals will have on competition in the energy market. These proposals represent an additional barrier to entry and expansion. They also serve to reduce customer choice and close off potential routes to deliver a lower cost to serve – business models that existed previously, such as Pure Planet's², would not have been compatible with the proposals set out in this consultation.
6. Customers would be better served by Ofgem if this workstream was paused and attention focussed instead on using data provided by suppliers, such as the bad debt RFI data, to provide evidence on the level of bill support needed to keep energy affordable over the coming winter. Given the strong correlation between cost and customer service, government energy bill support will provide the best possible short-term outcome in terms of improving customer service metrics. Ofgem has the potential to offer a strong advisory role to government in this area and the duty to protect vulnerable consumers by playing an advocacy role on government support.

We provide answers to each of the consultation questions below. We would be more than happy to discuss any of our response bilaterally – please don't hesitate to get in touch.

Question 1: Do you agree with our assessment on what good looks like for the issues consumers are facing relating to the priority issues of contact ease and identification and support/advice for consumers struggling with their bills. Are there any issues missing?

When defining the current challenges the market faces with regards to contact ease and overall satisfaction, an incomplete analysis is presented and this has knock-on implications in terms of defining what good looks like and appropriate market interventions. In terms of the overall assertion that customer service has declined for reasons beyond the external factors of Covid and the Energy Crisis, this argument appears to overlook the constant change the sector has experienced over the last five years and in particular the huge shift in supplier numbers and nature. A more sophisticated attempt to benchmark the sector would be helpful. Since 2018, the energy market has been subject to multiple setbacks, not due to the decisions made within the industry but as a result of wider macro-environmental factors:

2018 – Beast from the East:

- “Peak demand was significantly higher than in the previous years due to the ‘Beast from the East’ cold weather front increasing domestic heating demand”.³
- “73 - The number of active licensed suppliers in June 2018 (last year: 60)”.⁴

2019 – Supplier failures:

- Since Feb 2018, 14 suppliers have exited the market, mostly through the SoLR process impacting approx. 1,016,500 customers.⁵
- “Several factors contributed to these market exits. These include suppliers’ approach

² Pure planet was an app and chatbot-led energy provider with limited call centre capability.

³ State of the energy market 2018, P.95, Ofgem, 2018, <https://www.ofgem.gov.uk/publications/state-energy-market-2018>

⁴ State of the energy market 2018, P.8, Ofgem, 2018, <https://www.ofgem.gov.uk/publications/state-energy-market-2018>

⁵ State of the energy market 2019, P.30, Figure 3.2, Ofgem, 2019, <https://www.ofgem.gov.uk/publications/state-energy-market-2019>

to hedging against the risk of increasing costs, which led to problems when prices rose in the second half of 2018, partly due to the 'Beast from the East' weather conditions".⁶

2020 – Covid-19 and mass societal unrest:

- "Employment levels continued to fall throughout the rest of 2020...when they were 858,000 below pre-pandemic levels"⁷
- "8.9 million jobs were on furlough"⁸ meaning they only received 80% of their wage.
- "26% average increase in electricity consumption when comparing energy used in April to July 2020 against the same period in 2019."⁹
- Ofgem unable to provide industry with the 'State of the Market' report for 2020. Expressing "Ofgem has had to reprioritise its work load due to the COVID -19 pandemic. As a result, we have decided to postpone the State of the Market Report for this year"¹⁰. An indication of the strain on the industry during this time.

2021 – Covid-19 ongoing and rising energy costs:

- "The growth in earnings ended with the lockdown restrictions from November 2020 to March 2021. Although wages in cash terms continued to rise after March 2021 as restrictions began to be lifted, this coincided with a rise in inflation, meaning that the growth in real wages was dampened".¹¹
- "The imbalance of (strong) demand and (disrupted) supply led to rising prices and higher transportation costs around the world. Many global commodity prices also rose in 2021"¹²
- "Households in the lowest income group spent 8.3% of their overall spending on electricity and gas in 2020-21, compared to 3.3% for households in the highest income group."¹³
- Ofgem State of the Market Report not published due to crisis.

2022 onwards – Ukraine and Energy Crisis:

- "The annual rate of inflation reached 11.1% in October 2022, a 41-year high, before easing in subsequent months. It was 10.1% in March 2023, the seventh successive month of double-digit inflation. High inflation affects the affordability of goods and services for households." ¹⁴
- "As well as the humanitarian, military and political impact of Russia's full-scale invasion of Ukraine, there have also been implications for the world economy. For the UK, one of the main economic effects is higher energy prices".¹⁵

⁶ State of the energy market 2019, P.29, Ofgem, 2019, <https://www.ofgem.gov.uk/publications/state-energy-market-2019>

⁷ Coronavirus: Impact on the labour market, P.7, Andrew Powell et al, 2022, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-8898/>

⁸ Coronavirus: Impact on the labour market, P.5, Andrew Powell et al, 2022, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-8898/>

⁹ The impact of the pandemic on domestic energy consumption observed, Ian Turk, Living Lab, <https://es.catapult.org.uk/insight/covid-impact-on-domestic-energy-consumption/#:~:text=One%20feature%20we%20noticed%20during,the%20same%20period%20in%202019.>

¹⁰ <https://www.ofgem.gov.uk/publications/update-state-market-report-2020>

¹¹ Coronavirus: Impact on the labour market, P.21, Andrew Powell et al, 2022, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-8898/>

¹² Rising cost of living in the UK, P.16, Daniel Harari et al, 2023, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹³ Rising cost of living in the UK, P.48, Daniel Harari et al, 2023, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹⁴ Rising cost of living in the UK, P.4, Daniel Harari et al, 2023, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹⁵ Rising cost of living in the UK, P.10, Daniel Harari et al, 2023, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

- “In the year to March 2023, domestic gas prices increased by 129% and domestic electricity prices by 67%”.¹⁶
- Energy suppliers are given from July 2022 to September 2022 to implement full EBSS Scheme.¹⁷
- Energy suppliers given 6 weeks to implement the EPG scheme¹⁸
- Ofgem State of the Market Report not published.

Ofgem has taken steps elsewhere to help stabilise the market moving forwards and external factors also look to be stabilising. With this in mind, the question must be asked as to whether it's prudent to also pursue this workstream also. Greater stability should lead to improved customer service moving forward while the interventions proposed in the consultation will add substantial cost to the bill, hurting vulnerable customers the most.

The consultation makes three statements as to what good looks like in terms of ease of customer contact:

1. 'Customers are able to easily and clearly identify methods of contacting their supplier'.
2. 'Customers, in particular customers in vulnerable situations, are able to identify a method of contacting their energy supplier that meets their needs.'
3. 'Customers, in particular customers in vulnerable situations, are able to contact their supplier in a timely manner via their chosen contact method and get query resolution.'

None of the good outcomes incorporate the causes of increased customer contact – namely increases in price. As a consequence, when attempting to solve these good outcomes, high-cost interventions have been suggested, which will provide worse outcomes for consumers than the status quo. In conclusion, the outcomes have been poorly defined as they suggest interventions that will increase cost, which will subsequently drive contact.

The statements should be revised and cost to serve should be placed at the centre of those statements.

With regards to the treatment of customers in vulnerable situations, the objectives as stated do not appear to not fully appreciate what a supplier knows about a customers' vulnerability at different points in the customer journey. Critical points are missing from Ofgem's evaluation of what good looks like:

- PSR registration is for the most part not verified by the supplier. We do not ask for birth certificates if a customer registers as having children under 5. If being on the PSR allows customers to skip call queues, that incentivises fraudulent PSR registration and damages the integrity of the PSR. However, the alternative, mandating verification of PSR registration, is worse as it would have a chilling effect on suppliers capturing vulnerability.

¹⁶ Rising cost of living in the UK, P.20, Daniel Harari et al, 2023, House of Commons Library, <https://commonslibrary.parliament.uk/research-briefings/cbp-9428/>

¹⁷ £400 energy bills discount to support households this winter, July 2022, Gov.UK, <https://www.gov.uk/government/news/400-energy-bills-discount-to-support-households-this-winter>

¹⁸ Government announces Energy Price Guarantee for families and businesses while urgently taking action to reform broken energy market, September 2022, Gov.UK, <https://www.gov.uk/government/news/government-announces-energy-price-guarantee-for-families-and-businesses-while-urgently-taking-action-to-reform-broken-energy-market>

- Vulnerability is often transient, a supplier may not know that a customer is in a vulnerable situation until it speaks to the customer.
- Non-vulnerable customers may have more pressing needs than vulnerable customers. If the former has been erroneously transferred and the latter wishes to submit a regular meter read – which should get priority in a call queue?

The consultation makes statements as to what good looks like in terms of identifying and providing support and advice for customers struggling with their bills:

1. Suppliers make use of data and customer interactions to identify customers who may be struggling with their bills.
2. Consumers at risk of payment difficulty are supported to help manage their finances (eg offered suitable debt repayment plans at the earliest opportunity, flexibility on billing timetables) and avoid building up debt (eg energy efficiency). There is recourse to remedies or accountability under our enforcement regime where supplier actions contribute towards debt (eg shock bills).
3. Suppliers make proactive contact with customers in payment difficulty through a range of communication methods.
4. Suppliers provide clear information about debt and engage with consumers sensitively and compassionately about how they can provide support.
5. Suppliers provide consumers with tailored support to meet their needs (eg signposting to charities, appropriate repayment plans, provide of credit, hardship funds).
6. Suppliers tailor debt paths according to consumer situation. Debt recovery actions are fair and proportionate. Work in this area is being taken forward as part of our involuntary PPM workstream.

These objectives are similar to objectives that have been set out in previous consultations and extensive rules already exist in the supply licence that are designed to deliver these outcomes. This leads to two questions – what has changed in the market in recent times and would additional regulations have made things better or worse in the counterfactual? Ofgem's diagnosis of the problem is flawed and as a consequence there is a real risk the suggested interventions may not deliver Ofgem's desired outcomes. We set out our rationale in the following paragraphs.

Ofgem has presented evidence that the amount by which customers are going into arrears has increased in recent times and has drawn the conclusion that suppliers are waiting too long for debt to build on an account before offering payment plans. This does not accord with our experience and appears to be based on a flawed interpretation of the data.

Early debt recovery is generally characterised by a trigger point (like a cancelled DD) followed by a series of attempts to engage with the customer over a period of time. If the price of energy rises, the amount of debt on the account at a given point in the customer journey will be greater. This is the more likely explanation of why debt levels are higher in more recent years, rather than suppliers changing their debt journeys in order to allow more debt to build up on an account.

Ofgem has also presented evidence that customers who are on a payment plan are in less debt than customers who are, therefore if payment plans were offered earlier, those who aren't on a payment plan would be in less debt. In reality, both categories of customer are offered a payment plan at the same time in the debt journey. The customer who engages

early, builds up less debt than the customer who engages later in the process. Therefore the key metric is not when a payment plan is offered but when the customer chooses to engage with the offer of a payment plan. This is a key consideration – a tailored payment plan cannot be put into place until income and expenditure information is provided by the customer.

We suggest that Ofgem engage in bilaterals with suppliers to better understand the issues suppliers face in helping customers engage with their debt problems. From this point, Ofgem will be better equipped to define the problem and appropriate interventions.

Question 2: Do you have any views on potential options to address priority issues and do you agree with the extra requirements we are proposing? Please supply evidence to support your response.

We believe the proposals set out by Ofgem around ease of contact will lead to worse outcomes for consumers and should not be taken forward. Preliminary estimates of the cost of moving from a single shift pattern for frontline staff to three or four shifts show that a substantial increase in bills would be needed to fund this. We will provide data on this separately. In this context, we polled our customers to explore their willingness to pay for each option¹⁹. The results were conclusive - 95% were unwilling to pay any additional money for Option 1 and 93% were unwilling to pay any additional money for Option 2. This is completely understandable. Customers' priority issue at present is the affordability of energy, and they have neither the appetite nor the capacity to absorb further increases in bills. Adding further cost in the current context will impact vulnerable consumers the most, leading to an increase in contact volume. If vulnerable customers choose to forego contacting suppliers at 3am, they will be paying additional energy costs (which will drive further cost) and receive nothing in return.

Customers do not want this. We call on Ofgem to abandon these proposals and review this project with a view on reducing cost to serve given the current pressure on bills.

With regards to the detail of the proposal, it raises a number of questions:

- It is unclear how a supplier could distinguish between vulnerable and non-vulnerable customers for the purpose of triaging calls. If, for example, we used the PSR to identify a priority customer the PSR could be used as a means to gain access to the additional open hours as there is no check of vulnerabilities currently in place. Customers signing up to the PSR for false reasons could put genuine vulnerable customers at risk of greater detriment (for example when prioritising reconnecting households after a power cut).
- It is unclear what accessibility needs are currently unaccounted for. If Ofgem wishes to provide minimum standards in this area, these standards should be specified and funded.
- A freephone number will discourage online self-service and drive more calls, increasing the overall cost to serve beyond the cost of providing the line itself.

With regards to the proposal around early payment plans, we are not convinced it would make any difference in consumer outcomes over what is being achieved with the existing rules.

- Customers are already offered payment plans – the challenge is in getting customers to engage in the process and provide the data to allow a plan to be set up. Suppliers have a financial incentive to get customers to agree to payment plans and do not benefit from allowing customers to build up credit on their account instead. If Ofgem has specific best

¹⁹ An online poll of visitors to So Energy's website – 435 respondents.

practise to share on improving engagement, they should share it. Suppliers would put it to use without needing an additional rule.

- By mandating 'detailed' plans, Ofgem may discourage engagement in the process [as detailed plans are onerous to complete](#) and the customer may not finish.

The proposal to end minimum repayment rates will require a further increase to the price cap bad debt allowance, making energy bills less affordable overall and increasing detriment to consumers. We understand from Ofgem that they would expect suppliers to set repayment rates to zero, if necessary. The implications of zero-rate debt repayment plans have not been thought through and could be harm vulnerable customers:

- How does a zero debt repayment plans tally with a supplier's legal rights regarding the recovery of their costs?
- From a customer perspective, what is the legal status of debt that is captured by a zero-rated payment plan?
- Could a customer attempt to engineer a de-facto debt write off by asking for a debt repayment plan and providing fraudulent income and expense information? Could that incentivise suppliers to respond by mandating that customers evidence their repayment plan applications? What would impact would these changes have on customers who have genuine debt issues? Would it be harder or easier for them to agree a debt repayment plan than before?

Question 3 - Do you have any evidence that suggests that we should be considering additional and/or different rules beyond what we have proposed? Please supply evidence to support your response.

As stated elsewhere in our response, the failure to place cost to serve at the centre of Ofgem's proposals has led to a direction of travel that will deliver worse outcomes for consumers and vulnerable consumers. Our survey research shows very clearly that customers' priority is preventing further increases in record energy costs. They do not want longer freephone opening hours for even for relatively modest increases in bills - our survey shows that just 4% of customers were willing to pay an additional £10-£20 per year for Option 1.

Ofgem should not proceed with these proposals and should instead restart this work from scratch with the golden rule that cost to serve must not increase and should, if possible, decrease.

Finally, we would ask Ofgem to bear in mind the human cost of asking frontline staff to work hours more commonly associated with the emergency services. Such a burden is likely to drive the most talented call centre colleagues out of the industry, leading to a decline in call quality over the medium to long term.

Question 4 - Do you agree with our proposed approach of introducing reputational incentives in our priority areas? Please supply evidence to support your response.

This requires careful consideration as there is a risk of damaging the value of existing reputational incentives that work well, such as the Citizens Advice Energy Supplier Rating. When there are too many signals to consumers it can lead to confusion, inaction and poor

decision making. This is a well understood issue in health and safety²⁰ and the same principle applies here.

Good reputational incentives are designed with the objective of getting consumers to change their behaviour and this having consequential impacts. This is easier when the signal is clear, singular, and unambiguous. The draft Consumer Standards Framework needs a great deal of refinement in order to arrive at a clear and unambiguous objective with metrics derived from this objective.

Finally, good incentives should provide consumers with information on both what's good in the industry and bad. The Citizens Advice Energy Supplier Rating does this well. Incentives that are downside only risk providing an overly negative perception of energy supply and damaging the market that Ofgem is charged with overseeing.

**Question 5 - Do you agree with what we have set out in the assessment chapter?
Please provide supporting evidence with your views. For evidence regarding
additional costs, please provide quantitative data.**

Our comments are set out below:

- Increased financial burden:
 - We agree, the options presented will place significant additional costs on consumers. Ofgem will need to create an RFI for energy suppliers to provide an accurate assessment of the increase in cost and factor it into the price cap.
 - In terms of timings, costs will need to increase well in advance of extended opening hours taking effect as setup and training costs will need to be accounted for.
 - Consumers ability to tolerate additional cost on bills in the current context is not captured – a further increase on a £2,000 bill is much more consequential to vulnerable consumers than a further increase on a £900 bill.
 - The value consumers place on the interventions is not measured. Our research shows that consumers do not want to pay for the proposals.
- Increased regulatory burden:
 - Yes, we agree with this.
 - We are potentially looking to stand up multiple teams of people to make up for the new shift patterns required for the business.
 - We would need significant lead time between decision and implementation to factor in the additional costs into fixed tariffs. In the absence of certainty and assurance around this, a risk premium will need to be added to fixed tariffs, damaging the relaunch of the fixed tariff market.
 - The reputation incentive will come with additional reporting, and that also requires time to stand up and bed in.
- May reduce attractiveness of market, making it hard for new suppliers to enter the market:
 - We agree – this will increase set-up costs for new entrants and therefore represents a barrier to entry.

²⁰ <https://www.bbc.co.uk/news/uk-england-49016151>

- The proposal constrains consumer choice in the market. Business models that have been launched into the market in the past, such as Pure Planet's, would not be viable under the current proposals.
- It permanently engineers additional cost to serve into GB energy retail, constraining the ability of competitive pressure and innovation to deliver energy that is competitive with our European peers. It makes GB less competitive internationally and increases the cost of living and inflation.
- Contact Ease:
 - We disagree.
 - A freephone number incentivises customers who can use web-based solutions to call now instead – driving up traffic into the call centre. If a 'non-vulnerable' customer sees a freephone number and dials it, it's not feasible for us to hang up the phone. In effect, Ofgem is mandating freephone for all customers with these proposals. All other things being equal, call volumes will increase and the risk of long wait times at any given hour will rise.
 - Availability of longer opening hours also incentivises customers to call when they otherwise would self-serve. Ofgem's vision is for the calls we receive to be related to payment difficulty and other high-risk issues but if a customer calls at 3am to provide a meter read, we will need to handle that call or risk damaging the reputation of our business. We cannot dictate when and why our customers will call. The risk that customers calling for low-risk reasons will cause customers with high-risk reasons to wait longer, will rise.
- Third-party organisations:
 - We disagree on the basis that the proposals may increase call wait times at any given hour for customers and drive more calls to third-party organisations. See contact ease, above.

Competition Impacts:

Positive:

- Could mean further competition on non-price elements:
 - We disagree. The proposals reduce consumer choice. Business models that existed in the past, such as Pure Planet's, would not be compliant with the proposals set out in this consultation.
 - Differing call centre times is one way suppliers can stand out from its competition. Customers who value longer opening hours could pay more for it while others who value low cost could choose another provider. It would, therefore disincentivise switching/competition.
- Improved reputational incentives:
 - We disagree – there is a real risk that 'more incentives' will lead to greater confusion among customers, causing them to disengage from the market. Based on the quality of the proposals overall, we lack confidence in Ofgem's ability to deliver improved reputational incentives.

Negative:

- Proposals could negatively impact new entrants and small suppliers.
 - We agree with the negative competition impacts, smaller suppliers will have less capital to stand up this service and such financial requirements will further deter investment.

- A new entrant's ability to differentiate themselves in the market will be constrained by these new proposals. The proposals represent a barrier to entry, competition, innovation and consumer choice.

Question 6 - Using the list of prospective data items we present in the monitoring chapter as a guide, what other additional data items could we aim to collect and from what data sources? Do you consider there are any challenges you may face when collecting/providing these? If so, please provide any supporting evidence you have.

We have some high-level comments:

- A lot of the data Ofgem will require to monitor compliance is already provided to Ofgem and other bodies such as Citizens Advice. We would expect this to be considered and that suppliers would not be expected to duplicate efforts, providing slightly different metrics that measure the same thing. Using existing metrics also provides a more consistent picture of market performance, reducing consumer confusion.
- Suppliers might need some time to develop their systems in order to provide some of the items listed. Appropriate lead times are needed to adapt to the new reporting requirements.
- The short consultation period has impacted our ability to provide further feedback on this question. We may provide more later on the consultation process.

Question 7 - Do you have any comments on the factors that should be considered in determining whether to use principle-based or rule-based approach to setting standards?

Principle-based regulation works really well when there is a specific vision from the regulator on the outcome that suppliers must achieve and multiple clear paths to achieving that outcome:

- It does not work well when the outcome is clear but there is no clear path to achieving the outcome. A recent example of this is, when Ofgem introduced a Financial Responsibility Principle, only for half the energy suppliers in the market to fail. Supplier feedback on it being unclear as to how the principle would achieve the achieve the desired outcome were not heeded and the consequences for consumers were severe.
- Needless to say, it also does not work well when there is confusion regarding the desired outcome in the first place. With regards to Option 1 and Option 2, there is no clear understanding of what a priority customer is at present. As a consequence, there is no clear path in terms of how they can be identified before speaking to them and, therefore, we cannot triage those customers appropriately. This proposal will lead to poor outcomes unless it is refined further.

Rule-based regulation works really well when there is a specific vision from the regulator on the outcome that suppliers must achieve and realistically one clear path to achieving that outcome. Our understanding is that Ofgem is concerned about the ability of customers with certain disabilities to easily contact their supplier in real time. If there is a standout technology or solution that addresses that issue, it may be appropriate to mandate the use of that technology.

Regardless of which approach is proposed, it will need to be costed and incorporated into both the price cap and fixed tariffs moving forward. This presents a challenge if the principles-based approach is taken forward as in the past principles based rules have been deemed cost-neutral on the basis that suppliers should have been delivering these outcomes already. This is clearly not going to be the case with regards to Option 1 and 2, for example. Ofgem should consider carefully how it will impact assess new principles-based regulation moving forward.

Question 8 - Do you agree with our early view of reputational based incentive options for winter 2023 and the potential incentive options for development over the longer-term? Please provide explanations to support your responses.

With regards to the longer-term view, we are concerned about the potential for confusion leading to worse outcomes for consumers. It is important to remember that reputational incentives such as the Citizens Advice Energy Supplier Rating and the Energy UK Vulnerability Commitment, already exist and provide value to consumers. Adding further incentives risks damaging existing incentives. See our response to Question 4 for further information.

Yours Sincerely,

Joshua Field
Regulation Manager

