

By email: retailpolicyinterventions@ofgem.gov.uk
24 September 2025

Renewal of Ban on Acquisition-only Tariffs (BAT) After March 2026

Dear Daniel

Thank you for the opportunity to respond to this consultation. Below, you will find a summary of our position, with our detailed responses to Ofgem's specific questions in Appendix A.

We welcome the proposal to extend the BAT for another 12 months. We fully support this extension and advocate for a revised, future-proofed BAT to become a permanent feature in the market.

Consumer Fairness and the Loyalty Penalty

We believe it is crucial to protect consumers from the re-emergence of unfair loyalty penalties, ensuring that both new and existing customers have access to the most competitive deals available.

Market Stability and Competition

The Ban on Acquisition Tariffs (BAT) contributes to market stability by somewhat mitigating unsustainable pricing strategies that could lead to financial instability for suppliers, ultimately harming consumers and competition. We urge Ofgem to regulate in a way that enables and fosters genuine competition among suppliers, based on factors such as customer service, innovation, and product differentiation, rather than solely on short-term acquisition deals.

Support for a Permanent Ban

We advocate for a permanent, reformed set of BAT and fixed-term renewal rules as an integral part of a broader initiative to establish a fairer and more sustainable retail energy market for the future. We encourage Ofgem to consult on this design soon and consider a permanent BAT that removes the need for unpublished supplier guidance or derogations. We refer Ofgem to the specific suggestions we made in response to your November 2024 consultation. We need continued price protection to address the "squeeze" element of the "tease and

squeeze" problem. A permanent BAT can exist alongside the price cap as they meet different goals - the BAT helps end the "tease" of tease and squeeze, and the cap ends the "squeeze" on customers who don't switch. New challenges mean this price protection will need to evolve over time, and we look forward to Ofgem consulting further on this area in the autumn.

Additionally, we continue to encourage Ofgem to monitor and recommence publishing data on internal switching as an important metric to assess competition in the market.

Please do not hesitate to contact me if you require further information or wish to discuss any aspect of our response.

Kevin Hammond
Head of Regulatory Compliance
Octopus Energy

Appendix A

Q1. Should the temporary BAT (SLC 22B) be renewed until 31 March 2027?

Yes, we agree that the temporary BAT should be renewed until 31 March 2027. We welcome Ofgem's longer-term consideration of the BAT as part of its ongoing work on future price protection and encourage Ofgem to move forward with its consultation in good time ahead of any potential renewal in 2027. At that point, we would expect Ofgem to revisit its impact assessment of the BAT as its previous version from mid-2024 had considerable limitations and since then there has been an uptick in market switching (as shown in Energy UK statistics) and in the number of tariffs available (as shown in Ofgem's own State of the Market approach, April 2025).

Octopus Energy has consistently advocated against a return of the loyalty penalty, where loyal, long-standing customers are subsidising cheap acquisition deals for new customers.

However, Ofgem's current BAT rules still enable a supplier to operate a loyalty penalty where it acquires customers on short-term fixed tariffs and then rolls them onto its more expensive Standard Variable rates when that tariff ends.

The only way to truly regulate against these 'tease and squeeze' tactics will be to review the condition 22B temporary rules for the Ban on Acquisition Tariffs alongside the 22C requirements for renewal of fixed term tariffs.

Q2. If you consider that SLC 22B should be removed from 31 March 2026, please share specific evidence to support your arguments.

No. Removal of the BAT will result in adverse outcomes.

Q3. Should the BAT's associated Market-wide Derogation be retained until 31 March 2027, alongside our proposals to extend the BAT for the same time period?

Yes. We agree that the market-wide derogation needs to be retained alongside the BAT until an enduring consumer protection is found. We agree with the observations Ofgem makes in its consultation about the recent growth in FTCs in the market.

We note, however that a significant issue with the temporary BAT licence conditions is that in order to function they require both a market-wide derogation and guidance from Ofgem's compliance team, both of which Ofgem is able to modify or withdraw without needing to follow its statutory consultation procedure. This undermines Ofgem's points in paragraph 2.3 and 2.4 of the consultation about the current arrangements providing regulatory certainty.

Q4. If you consider that the Market-wide Derogation should be removed after 31 March 2026, please share specific evidence to support your arguments.

No. Removing the derogation would be premature.

Octopus Energy
September 2025