

Daniel Newport  
Deputy Director, Price Protection  
Ofgem  
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E14 4PU

24 September 2025

Dear Daniel

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

Thank you for the opportunity to respond to Ofgem's statutory consultation on extending the Ban on Acquisition Tariffs (BAT) beyond 31 March 2026.

We support the proposal to extend the BAT for a further year while Ofgem considers the future design of the enduring retail market framework. We believe this extension is a proportionate and pragmatic step that will help maintain market stability and consumer protection during a period of transition.

We welcome the continuation of the market-wide derogation that enables suppliers to offer bespoke retention-only tariffs to existing customers through targeted offers. This approach promotes consumer fairness by allowing suppliers to pass on savings to loyal customers. It also supports more effective competition, encourages long-term customer engagement, and helps maintain market stability during periods of volatility.

In our response to Question 3, we have proposed that Ofgem consider replacing the current derogation with a new licence condition that explicitly ringfences retention-only tariffs for existing customers. We believe this would provide greater clarity and consistency in regulatory oversight while preserving the benefits of targeted retention activity.

We recognise the importance of robust and proportionate regulatory oversight, and we support Ofgem's risk-based approach to monitoring supplier compliance. We have become aware of the emergence of more offers in the market that appear to be breaching the BAT. We therefore consider it important that Ofgem continues to monitor the market and take action where tariffs including associated discounts and benefits are in breach of the BAT.

Our answers to the consultation questions are provided in Annex 1.

Yours sincerely,

A handwritten signature in blue ink that reads "Richard Sweet". The signature is written in a cursive, flowing style.

**Richard Sweet**  
Director of Regulatory Policy

**RENEWAL OF BAN ON ACQUISITION-ONLY TARIFFS (BAT) AFTER MARCH 2026  
- SCOTTISHPOWER RESPONSE**

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

Yes, we agree with the proposal that the BAT should be extended for another 12 months post its current expiry date of 31 March 2026. The BAT helps to maintain market stability and to some extent also delivers customer price protection. This stabilising influence is particularly valuable in the context of ongoing work on the future of price protection. We agree that the rationale underpinning the current extension remains valid, particularly in relation to consumer trust, market stability, and the need for regulatory certainty to facilitate investment and innovation.

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

We do not support removal of the BAT at this stage. While we recognise that acquisition-only tariffs can play a role in stimulating competition, we believe that the risks—particularly around consumer detriment and market fragmentation—outweigh the potential benefits in the current environment. The BAT helps prevent a two-tier market where loyal or disengaged customers are disadvantaged, and its continuation provides a stable foundation for future reforms.

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

Yes, we agree with Ofgem's proposal to retain the market-wide derogation until March 2026 and with the rationale provided. The market-wide derogation provides necessary flexibility for suppliers to offer retention tariffs to customers nearing the end of fixed-term deals, helping to manage churn and support customer engagement. We believe this flexibility is compatible with the principles of fairness and transparency underpinning the BAT.

Ofgem says it has noted and taken on board all suggestions raised in previous consultation responses on how the derogation could be amended and that it considers that these are best considered under its wider review of the future of price protection. We understand Ofgem's position, however we consider that the proposals we have previously shared within Ofgem could be implemented relatively easily and would seek to remove the need for the separate derogation.

Therefore we consider it helpful to share our suggestion again, that Ofgem drafts a new licence condition that appropriately ringfences retention-only tariffs offered to existing customers only, rather than maintaining the current market-wide derogation for tariffs targeted at existing customers only. This is because Ofgem's SLCs serve as the primary regulatory tool for governing the retail market, setting out legal requirements that dictate how suppliers must operate and engage with customers. Rather than have a separate market-wide derogation, we think that it would be clearer for industry for this to be enshrined in the licences.

We think the current licence conditions could be adjusted relatively easily as part of this statutory consultation to ensure suppliers would not be precluded from offering tariffs only to groups of existing customers. We would propose Ofgem makes the following amendments to SLC 22B.1 and 22B.2:

22B.1 Subject to paragraph 22B.2, the licensee must ensure that all its Tariffs are available to, and are capable of being entered into by, ~~both new and~~ existing Domestic Customers.

22B.2 Paragraph 22B.1 does not apply to:

- a. A Closed Fixed Term Tariff;
- b. A Collective Switching Tariff;
- c. A Dead Tariff which complies with standard condition 22D; and
- d. Tariffs only offered to a particular group of Domestic Customers defined on the basis of criteria specified by the licensee, provided that the criteria do not in any way exclude all existing Domestic Customers ~~relate to whether or not the Domestic Customer is a new or existing Domestic Customer.~~

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

Not applicable as we consider the derogation should remain in place, either as a separate direction, or implicit in a revised licence condition as set out in our response to Question 3.

**ScottishPower**  
September 2025