

I have a few comments as requested by this review. First a couple of specifics:-

- The proposal to separate annual statements from bills just looks likely to increase costs to energy suppliers. These increases will then be passed on to customers. My recent experience is that these annual statements can be badly wrong and that there is no organised checking or enforcement of their accuracy (I can provide relevant emails if required). The issue that needs to be tackled is the one of ensuring that these statements are accurate.
- I am very concerned about the introduction of time of use tariffs without strong regulation. There are opportunities for different companies to have differing rates and time periods such as to make comparisons next to impossible. This would especially be true if customers didn't have detailed historical information by time of day. There could also be great difficulties in forecasting the size of bills. Energy companies may also advertise low headline rates for some time periods, whilst making most of their money on other more expensive time periods.

However, my main concern is about the entire structure of the market. This market is quite unlike any others I can think of. The gas and electricity as it enters the home is identical whoever the consumer buys it from. It has to be as it comes through a common distribution system. If there are any problems with supply, then it is the same company who fixes them. It has to be as the problems will be in the common distribution system. The only real choice is in the payment method and all the energy companies seem to offer the same range of options. The only other differentiator in the entire arrangement is that of price and it is difficult to imagine that any customer would want to pay anything but the cheapest price.

On a national level, the arrangements are about as inefficient as can be imagined. The households in 26 million dwellings in Great Britain are effectively expected to individually research the various deals around and then take action (perhaps each year) to move to the best one. To help them in this, there are 13 accredited comparison web sites each duplicating each others efforts. None of the changes proposed will take away this massive duplication of effort. The proposed simplification of tariffs will increase the duplication, as usage patterns will no longer have as much effect on which tariff comes out best. It is little wonder that most customers don't or can't engage with this strange and tedious arrangement. The overall effect of a individual customer choice is that less clued-up (and generally poorer) customers end up subsidising the more with-it (and generally richer) ones.

Instant competition at the customer level doesn't do much for energy investment and security of supply. Many of the investments needed (particularly in sustainable technologies) have a payback period measured in decades. All manner of levies and subsidies have to be applied to the current arrangements to address this issue.

A far better arrangement would be to have a central not-for-profit body do all the initial purchase from energy supply companies. These purchases could have competitive parts where these were an appropriate way of keeping down the price. This central body would then re-sell to customers at standard rates. Such an arrangement would cut out the massive duplication of customer effort in choosing tariffs and the supplier effort in administering those customers who switch tariff/suppliers.

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