

Ofgem's Retail Choice

A response to Ofgem's consultation on SLC 25A

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28 May 2012

On 27 April 2012 Ofgem announced its decision to proceed with a statutory consultation on its proposal to reinsert the Undue Discrimination Prohibition Licence Condition (Standard Licence Condition SLC 25A).¹ In the light of the responses to that consultation it now has a choice: whether to proceed with the reinsertion forthwith, or to defer that decision pending a review of the evidence on the effects of the Condition on retail competition.

This response to the consultation makes the following points.

- 1) No evidence has been provided to suggest that SLC25A is beneficial, particularly to the vulnerable customers that it is claimed to protect.
- 2) In introducing SLC 25A in 2009, Ofgem clearly acknowledged that it could have harmful effects on retail competition.
- 3) There is now evidence to suggest that SLC25A *has* had harmful effects on retail competition.
- 4) Ofgem has not addressed this evidence. To re-insert SLC25A without adequate consideration of this evidence, and without persuasive reasons to believe that the benefits exceed the detriments, would not be consistent with due regulatory process.
- 5) To override the sunset clause in SLC 25A would be to deny customers the protection they were promised when SLC 25A was introduced.
- 6) Ofgem has deferred a decision on its Retail Market Review pending further research and analysis of the potential impact of its proposals.
- 7) Similarly, there would be advantage in deferring a decision on the reinsertion of SLC25A until after a review of the impact of the licence condition.
- 8) Possible arguments against deferring a decision on SLC25A are not persuasive.
- 9) There have been positive developments in and pertaining to the retail market, including since April 2012 and including in response to Ofgem's previous policy statements. These developments offer the prospect of better protection for customers generally, not least vulnerable customers, in a way consistent with the development of retail competition rather than the curtailment of it.

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¹ Ofgem, Proposed reinsertion of SLC 25A for the gas and electricity domestic supply licences until 31 July 2014, Ref 61/12, 27 April 2012.

1. No evidence that SLC 25A is beneficial

Ofgem has found that, since the introduction of SLC 25A, the difference between in-area and out-of area standard tariffs has reduced from over £30 to around £13 in January 2011. It says that “the prohibition was successful in removing or successfully lessening the in and out of area price differentials”²

But has Ofgem provided evidence that this lessening of price differentials was as a result of lower prices in-area rather than higher prices out-of-area? About two years ago, Ofgem claimed that

“This change has resulted from electricity suppliers reducing their in-area tariffs towards their out-of-area offerings and therefore represents a benefit to a large proportion of "sticky" customers who remain with their ex-incumbent supplier.”³

However, Professors Hviid and Waddams Price have noted that “because of the volatility of the wholesale electricity market it is difficult to know what the counterfactual would have been”.⁴ Professor Green has drawn attention to “a large increase in the level of the average bill at almost exactly the same time that companies started to reduce their cross-region differences”.⁵ It is more plausible (see next section) that the more equal price differentials have resulted from electricity suppliers increasing their out-of-area tariffs.

Thus, no plausible evidence has been presented that customers in general, or vulnerable customers in particular, are better off or even protected as a result of SLC 25A.

In its latest consultation, Ofgem did not claim other benefits for SLC 25A. Indeed, it said that “the market has not materially changed since the introduction of the Probe remedies in 2009”.⁶

2. The possibility that SLC 25A could have harmful effects on retail competition

In its impact appraisal prior to introducing SLC 25A, Ofgem acknowledged that the condition could have harmful effects on retail competition.

5.50 Several respondents to our initial impact assessment noted the potential for our proposed licence conditions to reduce competitive pressure. They argue that our proposals could limit the ability of suppliers to price differently between regions, therefore reducing their ability to compete through non cost-reflective price differentials. This will limit suppliers’ ability to offer lower prices in areas where they are non incumbents, which could decrease differentials between incumbent and non-incumbent suppliers in all regions. This may have the effect of reducing potential savings available for consumers from switching, therefore reducing their incentives to

² Ofgem, Consultation on the Undue Discrimination Prohibition Standard Licence Condition, Ref 23/11, 24 February 2012, p 1.

³ Ofgem, Update on probe monitoring, 1 July 2010, para 2.2, p 14.

⁴ M Hviid and C Waddams Price, “Non-discrimination clauses in the Retail Energy Sector”, CCP Working Paper 10-18, University of East Anglia, November 2010, forthcoming in the *Economic Journal*, p 11.

⁵ R Green, Response to Ofgem consultation, 10 April 2012.

⁶ Ofgem, Proposed reinsertion, 27 April 2012, p 2.

switch supplier. Respondents to our initial impact assessment believe that this reduction in competitive pressure would maintain prices at a higher level than they would otherwise have reached. In their view this would have detrimental effects on all consumers and one respondent believes this would have a detrimental effect on vulnerable consumers. It is too early to judge whether recent narrowing of differentials has had an impact on competition.⁷

In short, in the context of the GB retail energy market, cutting prices out-of-area was a means of competing with incumbent suppliers that charged higher prices in-area. Requiring the same prices (or the same retail margin) would prevent this means of competition. In order to meet the conditions of SLC 25A it would be more profitable for incumbent suppliers to raise their out-of-area prices than to reduce their in-area prices.

Ofgem discussed some conditions under which SLC 25A would or would not adversely affect competition. But ultimately Ofgem could not be sure. It concluded as follows.

5.70 We recognise that there are risks to the intensity of competitive activity between suppliers as a result of this measure. The impact on competition is ambiguous and made particularly uncertain by the specific characteristics of the energy supply market. ... We recognise that some forms of price discrimination have in the past helped competition to develop in the domestic energy supply market.

5.71. The flexibility with which we intend to apply our proposed licence conditions, as outlined in our draft guidelines, should mitigate the potential negative effects on competition. In addition, we have included a three year sunset clause for Licence Condition B, intended to limit the duration of any potential negative impact on competition.⁸

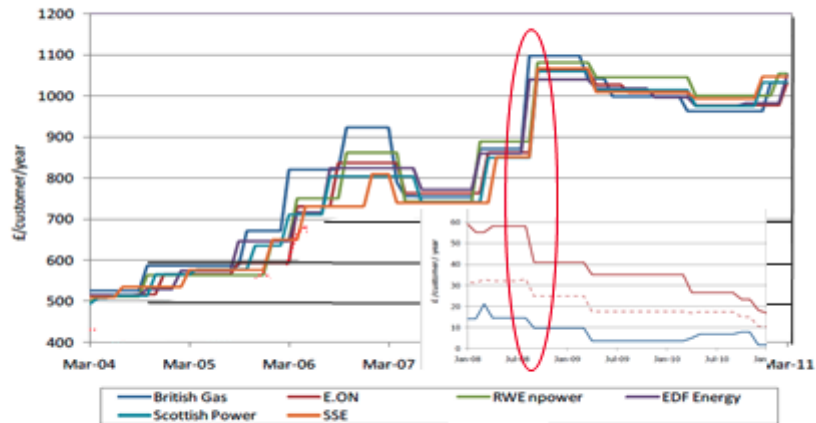
⁷ Ofgem, Addressing Undue Discrimination – final impact assessment, ref 73/09, 26 June 2009, p 23.

⁸ Ibid. p 27.

3. Evidence that SLC25A has had harmful effects on competition

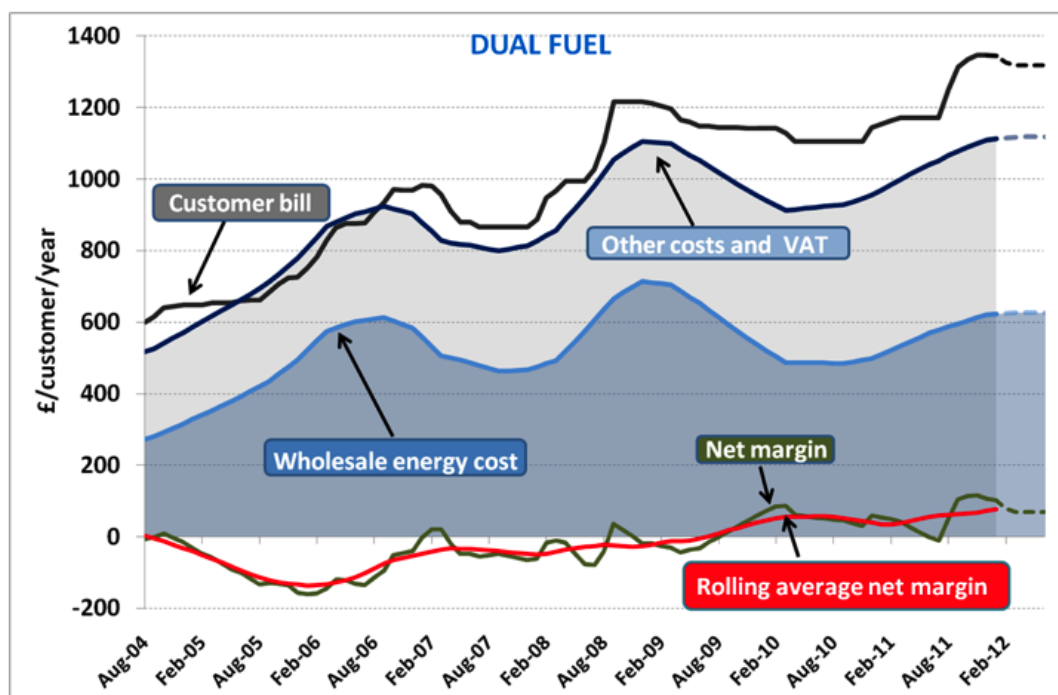
Ofgem does not seem to have carried out any direct analysis of the impact of SLC 25A. However, indirect evidence is consistent with the fears expressed earlier, that it could lead to higher rather than lower prices. Section 1 above has mentioned Professor Green's observation regarding the significant increase in average bill at the time of the introduction of SLC 25A.

Dual Fuel bills and (inset) cross-region differences



National Average Dual Fuel Bills, and (inset) the difference between in and out of area bills Source: Ofgem

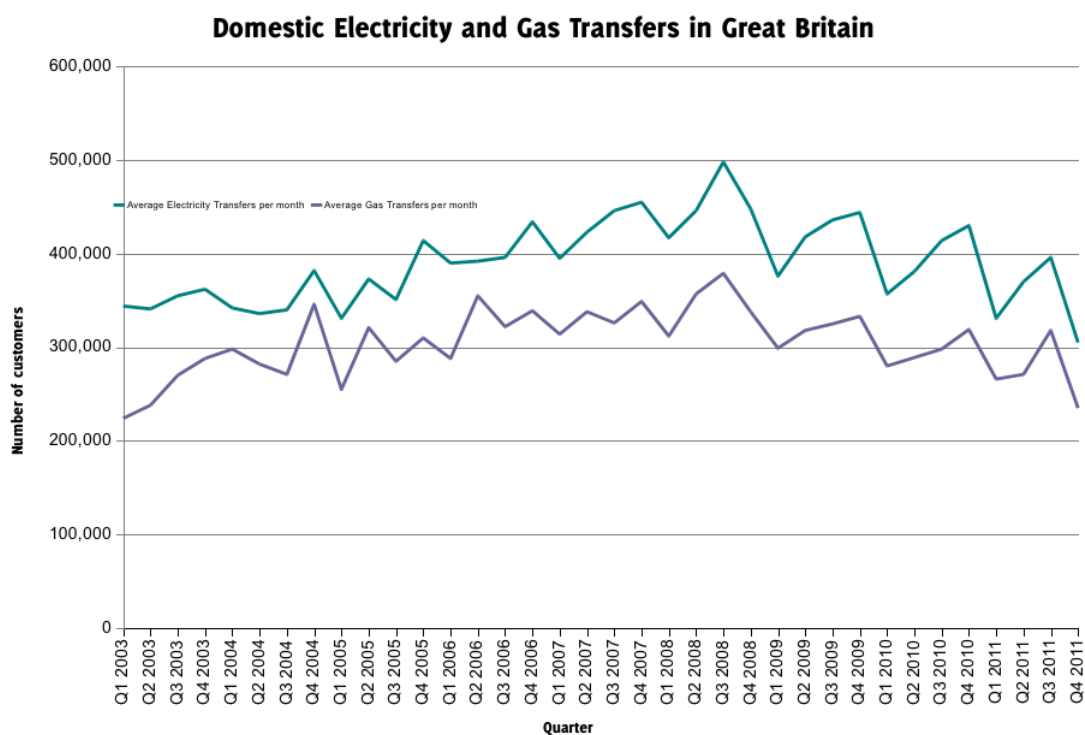
Ofgem’s own calculations show an increase in retail margins since the introduction of SLC 25A. Until August 2009 Ofgem’s calculated average rolling net margin on a dual fuel bill was consistently negative, but since then it has been consistently positive. The average net margin was (negative) £20 per customer per year for the period centred on May 2008 and May 2009, contrasted with (positive) £50 per year for the period centred on May 2010 to May 2012.⁹



Dual Fuel	Year				
	May-08	May-09	May-10	May-11	May-12
Customer bill	£995	£1,160	£1,105	£1,170	£1,310
Wholesale costs	£550	£670	£485	£555	£635
VAT and other costs	£370	£395	£430	£475	£515
Gross margin	£75	£90	£185	£140	£160
Operating costs	£125	£130	£130	£130	£130
Total indicative net margin for the next 12 months	£-45	£-35	£55	£10	£30
Rolling net margin	£-30	£-10	£55	£45	£50

⁹ Most recently Ofgem, Electricity and Gas Supply Market Indicators, updated 23 May 2012.

Ofgem also expresses concern that customer switching has declined. This has happened over the same period. The number of electricity plus gas transfers between suppliers increased rather steadily from 568,000 customers per month at the beginning of 2003 to 877,000 customers per month in late 2008. In the three years since then it has fallen back to 540,000 at the end of 2011, below the number in early 2003.¹⁰



Several factors might have contributed to this remarkable reversal of the trend in customer switching, including energy price movements and the cessation of doorstep selling by some major suppliers. But a reduction in switching would also be a rational response by customers to the removal of attractive switching opportunities as suppliers raised their out-of-area prices. As Ofgem recognises, a reduction in switching means less competitive pressure on suppliers.

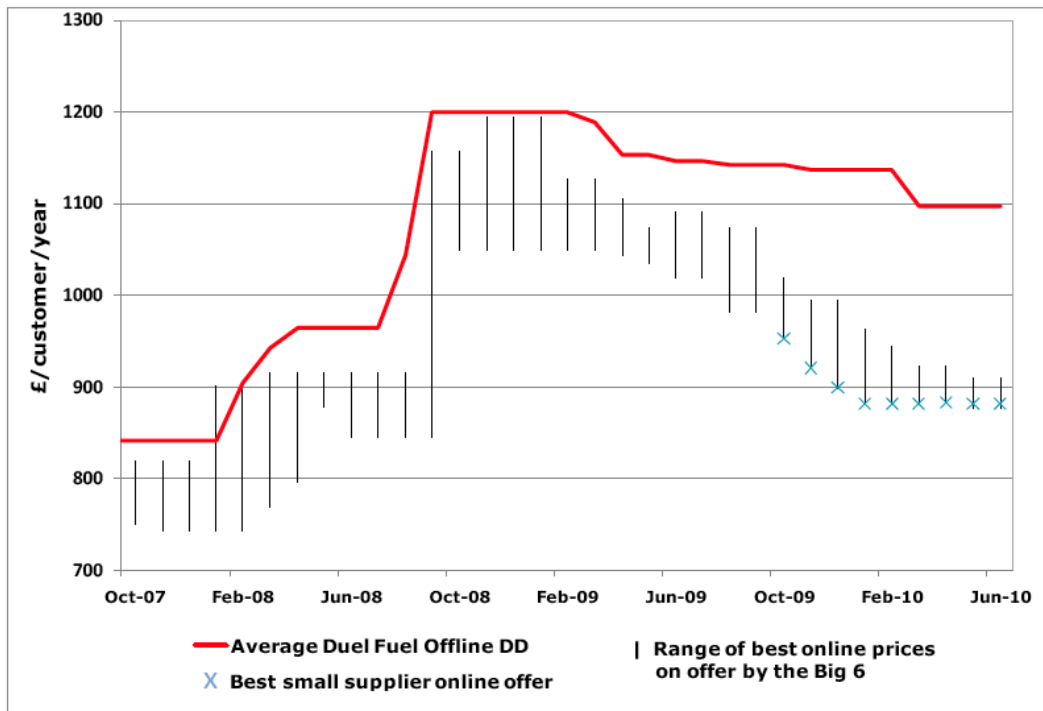
Ofgem has noted another consequence of SLC 25A. “The introduction of the new licence conditions has also seen a notable increase in the use of introductory offers, particularly for customers signing up online.”¹¹ For example, from late 2007 to mid-2009 the best online discount by the Big 6 suppliers seems to have been in the range 8 to 12%; from late 2009 to mid-2010 it increased to around 18%.¹²

¹⁰ DECC, Transfer statistics for the gas and electricity markets in Great Britain, 29 March 2012.

¹¹ Ofgem, Update on Probe Monitoring: tariff differentials and consumer switching, Ref 79/10, 1 July 2010, cover page.

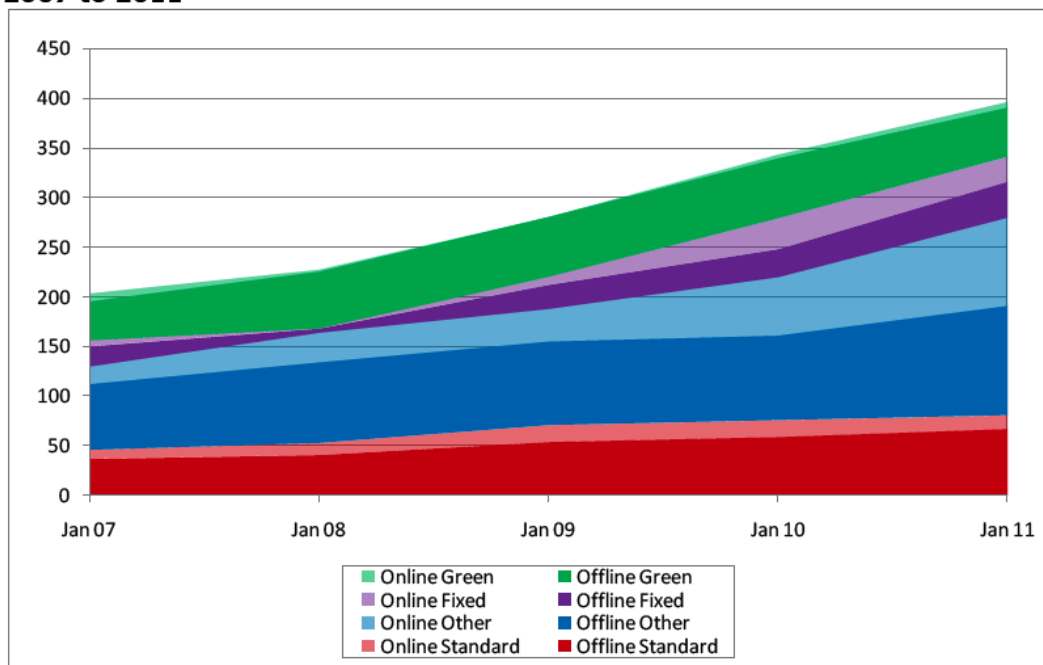
¹² Ofgem, Update on probe monitoring, Ref 79/10, 1 July 2010, Fig 2.5 p 16

Figure 2.5 National average dual fuel offline bills vs. best offer online bills



A year later, Ofgem notes that “Since the Probe there has been a marked increase in the number of tariffs available... Since 2008 the total number of available tariffs (online and offline) has increased by over 70%.”¹³

Figure 2.1 Number of tariffs available to domestic consumers on 1 January 2007 to 2011



¹³ Ofgem, The retail market review: findings and initial proposals, Ref 34/11, 31 March 2011, paras 2.16, 2.17 and Fig 2.1, pp 21-2.

Many commentators would see the growth of introductory offers and the number of tariffs available as encouraging evidence that, despite the shackles imposed by SLC 25A, suppliers are willing and able to find other ways to compete, to the benefit of customers. Ofgem is more concerned that customers might be misled by the nature of the introductory offers, and confused by their number.

For present purposes, however, the point is that SLC 25A seems to have had another significant impact on competition. It has distorted the path that competition would otherwise have taken, away from a pattern of offers that suppliers preferred and to which customers evidently responded, towards a ‘second-best’ pattern of offers that Ofgem itself finds somewhat problematic. Indeed, so concerned was Ofgem by the resulting pattern (and number and complexity) of offers that the initial outcome of its Retail Market Review was a set of very serious actions to limit the offers that suppliers could make.

Finally, some suppliers have said that the licence condition restricts certain competitive activities. For example, one of the major suppliers declined to participate in Which’s Big Switch, partly on the grounds that it appeared to risk breaking cost-reflective and non-discrimination licence conditions.¹⁴ One of the smaller suppliers says that the licence condition prevents suppliers from tailoring tariffs to suit customers.¹⁵

4. Ofgem has not addressed this evidence

All the above evidence was submitted to Ofgem’s February consultation on SLC 25A, and/or was already available to Ofgem. The consultation closed on April 10th. Just over a couple of weeks later, on April 27th, Ofgem announced its decision to proceed with a statutory consultation to reinsert the condition, on the basis that “we do not consider that at this stage we been provided with sufficient evidence and reasons to alter our views expressed in the February consultation”.(p 2)

This is surprising. For Ofgem to summarise the various concerns put to the February consultation in the phrase “it was not clear that the condition had delivered benefits to consumers” (p. 2) hardly does justice to the evidence that the condition has been actively harmful.

The principal statutory objective of the Gas and Electricity Markets Authority is to protect the interests of existing and future consumers, wherever appropriate by promoting effective competition. In carrying out its functions, the Authority must have regard to some ten other specified considerations, of which one relates to the interests of specified sets of vulnerable customers.

As Ofgem recognises, there will inevitably be room for debate as to how far it is proportionate to further the interests of certain vulnerable customers at the expense of consumers generally, and the promotion of competition. The difficulty in the present situation is to justify the reinsertion of a licence condition that has not been demonstrated to provide any tangible benefit to vulnerable customers, when there is

¹⁴ A Phillips-Davies, Letter to Which outlining SSE’s position on The Big Switch, 12 March 2012.

¹⁵ Good Energy, Evidence submitted to Ofgem consultation, 2 April 2012.

evidence that it *has* adversely affected competition and also those many consumers who benefit from competition.

Specifically, as argued above, evidence has not been brought to demonstrate that SLC 25A has reduced prices to vulnerable or in-area customers, as opposed to increasing prices to out-of-area customers. The evidence in fact suggests that SLC 25A has prevented better offers to out-of-area customers; has restricted competition between suppliers and led to higher retail profit margins; and has reduced the extent of customer switching and led to a multiplicity of tariff offerings, both of which Ofgem finds problematic. Indeed, it now appears that the problems that Ofgem's Retail Market Review proposals were intended to address have largely been caused by SLC 25A.

If Ofgem had decided nonetheless to reinsert SLC 25A, one would have expected Ofgem either to explain why it did not accept the evidence on the existence of these apparent detriments of SLC 25A, or to demonstrate that SLC 25A has indeed brought tangible benefits that outweigh these detriments. But Ofgem's proposal does neither.

Arguably Ofgem could scarcely have been expected to examine and evaluate this evidence thoroughly in just the two weeks after the previous consultation closed. This must raise a question as to whether the proposed policy has been properly considered.

5. Overriding the sunset clause would deny customers their promised protection

How does the existence of the sunset clause impact on this issue? Ofgem says:

The introduction of the sunset clause reflected our expectation that the full implementation of the Probe remedies would ensure retail competition was sufficiently effective to protect these consumers from undue discrimination.¹⁶

Ofgem argues that because, in its view, the Probe remedies have not been successful in this respect, it is inappropriate to implement the sunset clause.

However, this is only one of the justifications that Ofgem gave for the sunset clause. Ofgem's other justification was in a sense the opposite: it invoked the sunset clause as a protection for customers precisely because it acknowledged the risk that the clause would *not* make retail competition more effective, and would in fact have a harmful impact. As the passage cited in section 2 above puts it,

We recognise that there are risks to the intensity of competitive activity between suppliers as a result of this measure. The impact on competition is ambiguous and made particularly uncertain by the specific characteristics of the energy supply market. ... we have included a three year sunset clause for Licence Condition B, intended to limit the duration of any potential negative impact on competition.

¹⁶ Ofgem, Proposed reinsertion, 27 April 2012, p 2.

The evidence discussed above suggests that this acknowledged risk has indeed materialised. There *have* been negative impacts on competition. To override the sunset clause at this stage would therefore be to deny customers the very protection that Ofgem promised them when it introduced the clause.

6. Ofgem has deferred a decision on its Retail Market Review

In its letter of 21 May 2012, Ofgem provided an update on its Retail Market Review.¹⁷ It said that it had received a wide range of views. “While some elements of our proposal had broad support, others were more contentious. Importantly, even where there was high level support for our proposals, there were differences of opinion as to the most appropriate way forward.” It decided to take time to study the responses and to develop its proposals accordingly.

As planned, we will also conduct further research and analysis of the potential impacts of our proposals and will seek to quantify these impacts where it is possible to do so. To help us in this process, we will be looking to work with stakeholders to gain a better understanding of the areas of concern and will be taking forward some of the policy design work with consumer bodies and industry.

Ofgem also noted significant improvements in the industry in the meantime.

We have seen a range of developments from a number of suppliers on tariff simplicity, better communications and several initiatives to restore consumer trust by establishing a more open dialogue with customers. This is evidence that Ofgem’s intervention through our Retail Market Review is producing real change for consumers and we expect suppliers to do more in this respect.

Having considered all these factors, Ofgem decided to defer a decision on its Retail Market Review until it had had a chance to consider all these factors properly. This seems a wise decision.

7. Advantages in deferring a decision on SLC25A pending a review

In its February 2012 consultation, Ofgem proposed to reinsert SLC 25A for two years, until the impact of the RMR proposals were clear and, if appropriate, had taken effect. It said that, while it would not be appropriate to conduct a full review of SLC 25A while Ofgem was still developing its RMR policies, it might be possible to conduct the review before the end of that two year period.

In April 2012, Ofgem decided to proceed with a statutory consultation on the reinsertion of SLC 25A. However, one month later, Ofgem decided to defer its decision on its retail market review. This raises the question whether Ofgem is right to proceed with the reinsertion of SLC 25A.

An alternative approach, consistent with Ofgem’s present approach to the Retail Market Review, would be for Ofgem to defer a decision on the reinsertion of SLC 25A until after it had reviewed the impact SLC 25A. This would have several advantages:

¹⁷ Ofgem, Ofgem’s Retail Market Review – update and next steps, 21 May 2012.

- it would allow time to gather any evidence on whether the more equal retail margins had indeed translated into benefits to vulnerable or other customers
- it would allow time to evaluate properly the evidence suggesting that SLC 25A had reduced the effectiveness of competition and impacted adversely on customers generally
- in particular, it would allow time for stakeholders within and outside the industry to respond to Ofgem's invitation of 21 May 2012 to assist in further research and analysis of the retail market, including areas of concern and alternative proposals to develop it
- it would give retail suppliers more flexibility with respect to potential new offers, not least with respect to collective switching for which government has recently indicated strong support
- it would be consistent with the statements and undertakings given by Ofgem at the time the condition was introduced
- it would meet the strongly-held view on the need for a review that was expressed by many parties to the last consultation
- it would be consistent with Ofgem's present approach to the Retail Market Review, and
- it would facilitate a clearer analysis of the need or otherwise for additional RMR measures, without the distortions that SLC 25A seems to have introduced to date.

8. No substantial disadvantage in deferring a decision on SLC 25A

What disadvantages might be associated with deferring a decision on SLC 25A pending a review?

Ofgem says “we remain of the view that if we allow this licence condition to lapse before we are able to provide further protections through RMR proposals, non-cost-reflective pricing may return to the market”. (p 2) Whether or how far such pricing would return is debatable, given that some of the major suppliers say that they have significantly readjusted their pricing policies. But as discussed above, the evidence discussed herein does not substantiate the assumption that the licence condition has in fact served to protect vulnerable or other customers. Some other respondents including Consumer Focus express a similar scepticism.¹⁸

National Energy Action (NEA) says that it “would support continuation of the SLC 25A indefinitely”.¹⁹ However, NEA is not opposed to the principle of discrimination, since “NEA is generally supportive of the principle of positive discrimination where benefits are proportionate and well targeted”. Apart from such cases, NEA “would see no case for any departure from cost-reflective pricing”. I take it that NEA is indicating support for the idea of prices in general being driven closer to cost, for example by competition. But NEA does not seem to be arguing that it would be a good thing to require those prices that have already been driven closest to cost – as in the most competitive sectors of the market – to be increased simply to bring them into the same ratio to cost as the prices in the less competitive sectors of the market.

¹⁸ Consumer Focus, Response to Ofgem consultation 10 April 2012.

¹⁹ National Energy Action, Response to Ofgem consultation 10 April 2012.

It might be argued that not to re-insert SLC 25A would now be disruptive. However, it would surely be less disruptive than overriding an earlier formal commitment to remove it. Energy UK, for example, is more concerned to secure clarity about the future applicability of the clause.²⁰

9. Some positive developments in and around retail energy markets

There have been several encouraging developments in and around retail energy markets that are consistent with the principle of working with the competitive market rather than trying to restrict it. Inter alia, these developments offer the prospect of a better deal for customers generally and vulnerable customers in particular.

The first set of developments relates to the parties involved in the market and the representation of customer interests.

- Following Ofgem's exhortations, several major suppliers have committed to rethinking their pricing and customer policies. They are emphasising the building of trust with their customers. The needs of vulnerable customers are no doubt in the forefront of their minds.
- There has been a significant increase in the number and size of new entrant retailers. Their aggregate share in the domestic market is, I believe, higher than ever attained in the past. At least one of these entrants (Cooperative Energy) is associated with a long-standing tradition of working with and on behalf of customers. Others have sought to adopt customer-friendly approaches and establish a reputation for good customer service as well as good prices.

Conditions of new entry are another important issue.

- There has been much discussion of conditions that would be conducive to the development of the retail market and to the entry and growth of new players. Wholesale market liquidity has been seen as particularly important. Ofgem has indicated its concern on this matter and made suggestions for policy e.g. to require major generators to auction a proportion of their capacity.
- In response, several major suppliers have already indicated their willingness to help develop more liquid markets, and to try to accommodate the needs of smaller players. Moreover, they have already begun to act accordingly.
- In addition, new markets have been set up which provide new options and more liquidity. For example, there is now a liquid day-ahead auction market.
- My own view has long been that the electricity dual cashout arrangements have not been conducive to liquidity and the interests of smaller entrants. Ofgem has now indicated its intention to carry out a major Code review of these arrangements.

Other barriers to the growth of new entrants are being removed.

- The government has indicated its intention to increase the threshold for mandatory participation in various schemes, from suppliers with 50,000 customers to those with 250,000 customers.²¹ Its aim is to prevent the

²⁰ Energy UK, Response to Ofgem consultation, 10 April 2012.

²¹ Government response to the consultation on raising the threshold at which energy suppliers are required to participate in DECC environmental and social programmes, DECC, June 2011.

imposition of undue costs on smaller suppliers and thereby to help boost competition.

- Ofgem has consulted on the 50,000 customer threshold for applying SLC 25A. There is scope to reconsider the 50,000 customer threshold in other areas too.

Since customers' ability and willingness to switch has been called into question, it is worth noting how widespread switching actually is, and the excellence of many price comparison websites, and the competitive context in which they have developed.

- YouGov has recently reported that nearly three quarters (72%) of UK consumers have switched their gas and/or electricity accounts in the last five years.²² This stands in contrast to a widespread perception that the figure is only about half.
- In addition, YouGov finds that "price comparison websites emerge as by far the most popular influence on consumers' decision making".
- Customer Focus has now authorised 13 comparison websites. They operate under a Code of Practice laid down by Customer Focus.²³ They are actively competing to understand the needs of customers, and to offer better and more comprehensible evaluations of alternative offers, coupled with ease of switching thereafter.
- In my experience the provision of such websites in GB offers better service than any other market in the world. It is for consideration whether a service could be developed that is geared particularly to the circumstances of vulnerable customers.

Finally, another important set of developments relates to customer aggregation and collective purchasing.

- Which's innovative Big Switch was well received, attracting some 280,000 customers. It was won by a new entrant supplier, Cooperative Energy.
- There has been significant interest in the concept of customer aggregation and collective purchasing. See for example the recent publication by Consumer Focus and its active commitment to take forward this concept.²⁴
- In 2011 the Government issued its consumer empowerment strategy, *Better Choices: Better Deals*.²⁵ This has been actively promoted.
- "Following the Energy Summit last Autumn, Ministers were keen to build on the potential for consumers in the gas and electricity market to benefit from collective purchasing and switching, become more empowered and reduce their energy costs as a result."²⁶ A working group including the industry, regulator and customer groups took this forward. Fact sheets were issued on 23 May 2012.
- Minister Edward Davey has written to all domestic gas and electricity suppliers to stress the importance of their engagement in collective purchasing and switching. He said "I want to see variety in the types of organisation coming forward with collective purchasing and switching schemes, including

²² YouGov press release, 18 May 2012.

²³ The Confidence Code: A voluntary code of practice for online domestic price comparison services, Consumer Focus, December 2010.

²⁴ *Get it, together: The case for collective switching in the age of connected customers*, Richard Bates, Consumer Focus, 27 April 2012.

²⁵ Cabinet Office & Department for Business Innovation & Skills (2011), *Better Choices: Better Deals – Consumers Powering Growth*, London: UK Government, p.28, p.50 <http://bit.ly/gmBjxV>

²⁶ <http://www.decc.gov.uk/en/content/cms/funding/collectpurch/collectpurch.aspx>

schemes that reach out to and include more vulnerable consumers and people who don't shop around for their gas and electricity.”

- The scope for collective purchasing schemes is potentially very significant. If approved and trusted parties were authorised to carry out switching on behalf of particular vulnerable customers, this could save them the worry and hassle of the switching procedure.
- Another option for consideration would be an opt-out procedure rather than an opt-in procedure. This could increase by one or two orders of magnitude the number of customers involved in collective purchasing. This has been the case with municipal aggregation in the US state of Ohio, for example.²⁷
- The practise is also expanding vigorously in Illinois. In 2011, 20 communities had an electricity aggregation programme. By May 2012 over 80 communities had negotiated opt-out rates with competitive providers. In the recent (April 2012) primary elections, 160 or so additional municipalities voted to adopt opt-out municipal aggregation.²⁸ One Illinois community recently chose a two-year all-green power supply contract that nonetheless saved local customers about 25% compared to the current state-approved electricity provider.²⁹

These various developments do not in themselves mean that there are no longer any concerns associated with the retail market or with the situation of vulnerable customers. But they do provide a basis for a reasonable expectation that the retail market is improving and is capable of further improvement. With the commitment and support of the industry, the government, the various consumer organisations and Ofgem, this improvement can proceed without the need for unduly prescriptive and distorting regulatory conditions on pricing. Put another way, these various developments are consistent with some of the improvements that Ofgem has been encouraging. They offer the prospect of better protection for customers generally, not least vulnerable customers, in a way consistent with the development of retail competition rather than the curtailment of it.

²⁷ Stephen Littlechild, “Municipal aggregation and retail competition in the Ohio energy sector”, *Journal of Regulatory Economics*, 34 (2) October 2008, 164-94.

²⁸ <http://www.icc.illinois.gov/ornd/municipalaggregation.aspx>

²⁹ <http://www.oak-park.us/aggregation>