

David Hunt  
Retail Markets  
Ofgem  
9 Millbank  
London  
SW1P 3GE

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Dear David

### **Domestic Retail Market Reform Consultation**

Thank you for the invitation to respond to the above consultation. As you are aware, Good Energy is a licensed electricity and gas supplier supplying around 30,000 customers with 100% renewable electricity and around 7,000 customers with gas supporting renewable heat. We also act as FIT Licensee to over 40,000 FIT generators.

Our mission is to fight climate change by offering consumers the option to do so through their choice of energy supplier, and consider ourselves to be a niche supplier rather than mass market.

#### Executive Summary

Good Energy is disappointed that Ofgem intends to resolve the market's ills by market wide regulation rather than promoting competition. We do not disagree that some customers find the market difficult to engage with, but disagree with the belief that "too much choice" is the root cause. Given that consumers manage much greater choice in other markets, we believe that as an industry we need to understand why choice is perceived to be an issue, rather than restricting it. Then deal with that root cause, otherwise it will re-appear as an issue as competition brings more players into the market.

The evidence Ofgem has presented has shown there is a problem with 'sticky' customers belonging to incumbent suppliers. As a result of this we believe Ofgem should be managing this problem, rather than applying disproportionate market wide solutions impacting consumers and suppliers who are not involved.

That said, we support the move to principle based regulation, and believe that such an approach should be extended to information remedies, so that Ofgem sets out an overriding principle to ensure customer communications are effective, rather than prescribing the wording and location.

We are also supportive of rules such as standardising tariff structures, and banning auto rollover of fixed term tariffs.

Ultimately, regulatory solutions to market failures do not benefit consumers, and we strongly encourage Ofgem to look forward to develop the thriving competitive market they want to see, rather than regulating the market as was. This will require a market where players can deliver innovative products that engage people with their energy use, and provide solutions to inevitable rising prices until the market is decarbonised.

Below we have set out our replies to your specific questions, expanding where necessary to give a full response

## Questions:

### Chapter 1

#### **1. Do you agree with our characterisation of the problems in the retail energy market?**

No. We agree you have correctly identified that the issue is restricted to the big six incumbent suppliers rather than market wide, and within that there is a particular issue with getting the “never switched” to engage with the market. We are therefore disappointed that the proposed solutions are intended to be market wide and thus fail the better regulation principle of proportionate response.

However, we believe that two issues, choice and complexity are being confused. In many other markets consumers handle a greater level of choice without the difficulties that are expressed here. We therefore believe the issue is more one of complexity and comparability rather than choice.

We also believe the lack of trust highlighted is not just a symptom but a cause of apathy along with unimaginative products. Smaller, more innovative suppliers are beginning to resolve the question of more imaginative products, but struggle with the lack of trust that the industry has, something greater regulation just re-enforces in the mind of consumers.

We therefore believe that your characterisation of the market is flawed as it implies the failure is market wide, where as in truth it applies to a subset of consumers who are ill served by the incumbent suppliers because they choose not to, or have difficulty engaging with the market, and as such a regulatory response should be more targeted in this area.

#### **2. Do you agree with the findings of our evidence base?**

Not entirely. We support the view that the market is overly complex and customers are often provided with inadequate information. However, we are concerned that Ofgem is seeking to reach an unobtainable nirvana of the perfectly informed consumer. In no other market would any consumer be able to say confidently they had the best/cheapest product available, but do not feel as aggrieved about this as they do in the energy market, and thus the question of why needs to be answered, otherwise the remedies proposed will not solve the problem.

The evidence of the lack of trust may suggest that even if the consumer was perfectly informed, and was on the best tariff available, they would still feel that they were being “ripped off” by their supplier’s perceived profit levels. We therefore believe these two issues need to be treated separately. i.e. Consumers who feel that suppliers are making the market confusing to deter them from switching, and those who believe most energy companies are equally evil and making money on a basic necessity consumers cannot do without.

We accept the finding that the incumbent suppliers have a large sticky customer base, and welcome the evidence that new entrant suppliers have a higher level of churn, as they serve engaged customers. The reasons for these customers not switching because they are happy with their supplier is interesting, but more complex. Good Energy, for example has a high degree of stickiness, but this is due to our customers being less price sensitive, and by the fact that we endeavour to offer excellent customer care, as recognised by the Which? Customer Satisfaction survey.

The findings also suggest that suppliers adopt similar business strategies, set a low priority on meeting customers’ needs, and have a lack of constraint on controllable costs. Whilst this may be true of incumbent

suppliers, it cannot be said to be true of independent suppliers. This is something not fully acknowledged in the document.

One area not covered is the constraint on competition caused by excessive regulation. Most respected economists will confirm that greater regulation restricts competition. Whilst we understand the political pressure on Ofgem to regulate solutions, in the absence of strong competition from new entrants, it must be aware that in applying the regulations across the market will delay the day when competitive pressure from new market players can lead to a properly functioning competitive market.

## Chapter 2

### **1. Do you agree with our rationale for the proposed RMR package?**

We agree with the rationale for making the market more transparent, and for providing additional support for sticky customers with the incumbent suppliers. However, the rationale presented does not make the case for a market wide set of proposals, nor justify imposing restrictions on tariff choice for the engaged customer. As a new entrant supplier with engaged customers, we are supportive of measures to simplify the process of choosing a tariff, but not measures that restrict that choice.

In particular, Ofgem has stated that choice will have to increase to gain the benefits that smart metering, collective switching and more decentralised generation and demand side measures offer. If Ofgem restricts choice as a solution, then in our view the problems will re-appear when these restrictions are inevitably lifted.

We are supportive of principle based regulation and the standard of conduct. However, we remain concerned that the enforcement process is out of step with the spirit of this. We are concerned that Ofgem remains prosecutor, judge and jury based on their own assessment of a "reasonable person". We believe that Ofgem should develop an appeal process which engages an independently minded reasonable person in the process.

As a new entrant supplier we are very concerned that the costs of implementing these proposals are disproportionate to us compared to the large incumbents. This is particularly irksome as it means that our engaged customers are paying for changes required to address an issue with the disengaged customers of said incumbents.

### **2. What are your views on the proportionality of the proposed RMR package in light of the evidence we have presented?**

Whilst we welcome Ofgem's movement from its original proposals, we still believe that some of the measures are disproportionate in that they restrict the choice available to engaged consumers in a competitive market. The restriction of just four tariffs per supplier is an unprecedented intervention by a regulator in a competitive market and strikes at the very benefit of competition, consumer choice.

According to the evidence, the main incumbents are failing a large section of their customer base, who chose not to, or struggle to engage with the market. Rather than applying market wide remedies, we feel Ofgem should address the case in hand.

For example, the document does not address the difficulty some customers have switching because they are on preserved heating tariffs that few suppliers offer compatible tariffs for, nor the misunderstanding that landlords can prevent tenants changing supplier. Ofgem should be addressing the issue of "stuck" customers, before addressing "stickiness"

That said we do welcome several of the proposals such as the ban on auto rollover, the standardisation of tariffs to standing charge and unit charge, and other proposals to make engagement with the choice of tariffs easier. We are also supportive in principle with other proposals such as the TCR but with reservations about the practicality of the recommended solution.

**3. Do you agree with our reasons for not proceeding with the alternative options set out below.**

Not totally. We believe that a principle based set of rules on tariffs could have worked given the chance, especially with the threat of regulation if suppliers failed to comply. This would have allowed genuine choice to continue whilst curtailing a multitude of “more or less” identical tariffs.

Chapter 4

**1. Are our rules to reduce the number of tariffs appropriate? Have we set the cap on core tariffs at the right level? Should a different cap be set for time of use tariffs? What derogations from our tariff cap would be appropriate?**

As stated previously, we believe that innovation is the key to regaining consumer trust. In order to innovate, suppliers will be required to “test & trial” tariff offerings which the four core tariff cap will frustrate. Good Energy has recently launched its local tariff, and has other innovative, niche (i.e. Not designed to have mass market appeal) products in the pipeline that it is willing to share with Ofgem in confidence (due to commercial sensitivity). We do not believe that restricting the number of tariffs will resolve the root cause of the problem, it will just reduce visibility of a symptom.

If Ofgem, feels that a tariff cap is a way of encouraging the Incumbent suppliers “sticky” customer base to the market, then we feel that applying the cap on independent supplier serves no purpose and is thus a disproportionate intervention.

If Ofgem does decide to apply a market wide tariff cap, then we would prefer a process where suppliers can bring innovative, niche products to the market where they are demonstrably different from their “core” tariff offering (i.e. More than a new price set), with a proviso that consumers must positively switch to these tariffs and have the option to switch back to a core tariff at anytime.

Finally, we are concerned around the definition of “cheapest equivalent” evergreen tariff. Whilst this is reasonably straight forward for simple tariffs, it could curtail innovation for complex products if an evergreen equivalent product has to be available. We would prefer that a customer is offered an equivalent evergreen product where available or the cheapest unrestricted evergreen product. For example, a supplier may find that a new product which has a ToU element to it is not working for them and they wish to withdraw the tariff. Customers could be disadvantaged if they are placed on an equivalent ToU product without the other elements of the product.

**2. What surcharges should suppliers be able to offer without this counting as an additional core tariff, and why? How could these be defined in a licence?**

We believe that surcharges which require the supplier to incur a cost which would be the same irrespective of tariff should be exempt. Where the surcharge is specific to subset of tariffs, then it is a new tariff. However it is defined in the licence is likely to have a surcharge that doesn’t fit, and thus Ofgem would be better to apply a principle based approach rather than a list of applicable surcharges.

**3. Are our rules to simplify tariff structures and discounts appropriate? Should they apply to open tariffs or be extended to cover dead tariffs too?**

We support the proposal to standardise tariff structures to a standing and unit charge, and the over riding principle on discounts. As we have no dead tariffs we are ambivalent as to whether they apply to dead tariffs or not, but suggest the question should be whether customers on dead tariffs will be worse or better off by their exclusion.

**4. What category of dead tariffs should be derogated from our proposals, if any? Are there other measures required to avoid consumer harm?**

Given the aim of RMR proposals is to deal with disengaged consumers it seems counter-intuitive to allow consumers on dead tariffs to be left alone. In particular, addressing the problem of customers “stuck” on dead tariffs because their heating systems will only work with the tariff offered by the incumbent supplier would to us seem to be a priority overlooked in these reforms. The curtailment on tariff options will probably make their engagement even less likely.

However, if suppliers are forced to close these dead tariffs, then some consumers could find their costs climbing to unmanageable proportions.

**5. What would be the implementation issues and costs of our proposals?**

All Good Energy’s current tariffs reflect the preferred format, and currently we have less than four tariffs. Our concern is that we compete on innovation rather than price and believe that these proposals will reduce customers’ propensity to switch, which we will be unable to react to by providing more tailored, innovative products aimed at niche sections of the market.

There will be significant costs in implementing billing system changes to deliver additional information to consumers. These changes are one off fixed costs which have limited economies of scale and will thus fall disproportionately on smaller suppliers. This is on top of dealing with anticipated changes required to implement smart metering. It would therefore be useful if parts of these proposals requiring billing system changes are timed to coincide with smart metering rollout.

**6. Is our proposed timetable for implementation appropriate?**

Suppliers are required to give consumers 30 days notice of detrimental changes which may occur as suppliers close tariffs. We therefore believe that 3 months would be more appropriate to ensure a smooth transition. However, Good Energy would be unaffected by these requirements, so has no strong views.

Chapter 5

**1. What are your comments on the degree of prescription proposed, and on the design of the document and messaging?**

At Good Energy, we take our communication with customers very important and invest heavily in delivering a consistent “feel” to our correspondence in line with the image we wish to portray. Our customer base differs significantly from that of the mass market providers and we try to ensure that we are clear in our messaging, whilst avoiding “dumbing down” the message. We do this by adapting a chatty, informal style. If Ofgem was to prescribe parts of the messaging, then it would be inconsistent with our style, and look wrong.

Our preferred approach would be for Ofgem to set out in the licence what it wants to be communicated. Along with a standard of conduct based regulation requiring suppliers to “communicate the requirements in an effective manner”. This would allow suppliers seek out the best way of communicating the message for their customer base in a consistent style. We would be happy to accept this would require us to

monitor the effectiveness of our messaging to produce contemporaneous documents demonstrating effectiveness.

As an example, we know that many customers on receipt of a bill will give the bill a cursory glance, before reading in full our newsletter. Whilst this would not work for personalised messaging, it could be more effective to include a reminder of generic key contractual terms, perhaps highlighting each one in a series, explaining why it is there.

Equally, if we could give the annual statement a more “Good Energy” feel, it may increase the readership, rather than be seen as a regulatory document.

Finally, as a point of principle we believe that fuel mix disclosure regulations are a requirement that Ofgem fails to enforce effectively. If Ofgem is to prescribe what information consumers are given, then reminding consumers of their supplier’s fuel mix against the national average is a key piece of information which could encourage less price sensitive consumers to switch.

## **2. What are your views on the appropriateness of content requirements for each of the communication channels?**

### *Tariff Information Label*

We support the content proposed, (subject to our reservation on the TCR explained later). However, believe that the supplier should also include their Fuel Mix disclosure. Suppliers are required to provide this to consumers, and this would seem a sensible way to standardise the requirement.

### *Summary box on bills*

Consumers have made clear their desire for bills to be clear, and uncomplicated. We would prefer to move all but essential information off consumer’s bills, where they are rarely read and find better ways of communicating to customers. We do not disagree with providing the information, but feel suppliers should be trusted to find an effective form of communication, rather than being required to provide the information in an ineffective manner.

### *Annual Statements*

We do not object to the content on the annual statement, subject to including the supplier’s fuel mix. However, we believe prescribing the format is likely to discourage consumers from reading the contents. As stated, we believe that Ofgem should prescribe the content, and then oblige suppliers to find a way to make the delivery of this annual information provision effective.

### *Price Increase Notice*

These proposals will require significant system changes, and are over prescriptive. We recognise that consumers need to understand that their tariff is changing, and this information should be clear. As a smaller supplier we endeavour to provide personalised information, but these proposals require several different pieces of personalised information. We also believe the ban on other information being included as over prescriptive.

As stated before we believe an over riding requirement to ensure customers understand the implications to them (i.e. It is personalised) and their rights would be sufficient. Short, to the point letters are more likely to be read than long winded lists of data and projections.

### *End of Fixed Term Notice*

We do not offer fixed term tariffs for domestic or micro-business customers currently, but believe the same rules about delivering content effectively should apply.

#### *Mutual variations*

As above, we believe mutual variations should be communicated effectively.

**3. Should Ofgem explore further ways in which suppliers might increase the effectiveness of online/paperless communications?**

If Ofgem was to take up our proposal of a standard of conduct style requirement to ensure communications are effective, then suppliers would have to address this to meet the requirement. Ofgem should also consider the issue of unread paper bills, as they are often equally ignored.

**4. Should Ofgem consider making further recommendations, or issuing best practice for enhancing the impact of Annual statements by looking at messaging and co-branding envelopes?**

No. Although if a supplier feels that co-branding would be beneficial, then Ofgem should be willing to allow its logo to be used for this purpose, without introducing complex licensing agreements as currently proposed for the GESCA logo which Ofgem owns.

**5. Do you agree with the view that additional contractual information can be included on an additional page of the Annual statement?**

As stated previously, we believe that such decisions should be taken by individual suppliers when considering how to make their statements effective. It would be a shame if the quality of the document was restrained by a two page limit.

**6. What are your views on the classification of dual fuel for the purposes of the template design?**

Different suppliers treat dual fuel in different ways. For some it is a single service, for others, it is merely recognition that the customer receives two separate services from them. We therefore feel that this distinction should be left to suppliers to communicate effectively rather than standardising to regulatory dictum.

**7. What are your views regarding including energy efficiency advice in Annual Statements?**

We are supportive of the principle of encouraging energy efficiency, but believe that regular items on energy efficiency in our customer newsletter, which we already do would be more effective, especially if Ofgem dictates that the Annual Statement, takes the style of a regulatory "P60" format as suggested.

#### Chapter 6

**1. Do you agree with our view that the cheapest tariff message should include both supplier's cheapest tariff for their payment method, consumption and meter type, and their cheapest overall tariff from their supplier irrespective of their current circumstances, personalised by consumption?**

No. As with several independent suppliers, we are a niche supplier not aiming for mass market, cheapest deal appeal. The idea of pushing to our customers who chose an innovative tariff to suit their needs with our cheapest deal runs against the type of customer service we aim to provide. As previously stated, this sort of messaging is really aimed at the incumbent suppliers' sticky customers and should remain focused upon them.

If implemented, then as a practical point it would be wrong to point customers to the cheapest overall tariff irrespective of meter type. Apart from the cost of meter changes, it may be easy to show an E7 customer that a single rate meter would suit them better, but not a single rate customer that they may benefit from a ToU tariff. Once smart metering is installed, then the ability to use the customers half-hourly data (with their permission) to find the best ToU tariff would be a significant benefit, but this cannot be done for every customer unless they provide suppliers with permission to use HH data for this purpose. We therefore believe meter type should always be taken into account.

Finally, we challenge the concept of “cheapest” as in some cases a customer on a ToU tariff could make it cost effective by making simple behavioural changes, rather than switching to a standard tariff. This will become a more prevalent as consumers engage more with their energy use, through smart metering and onsite generation. The “cheapest” option as defined may work for sticky customers of the big six, but for innovative suppliers such as ourselves, a proper conversation is required between us and the customer to identify the best tariff for them.

**2. Do you agree with the approach to tariff eligibility criteria proposed for supplier’s cheapest tariff?**

We agree with the need for an eligibility criteria, especially around the right of suppliers to offer niche tariffs such as our local tariff to consumers in a specific geographic location. However, Ofgem needs to ensure fair play, and that suppliers do not resort to offering predatory fixed rate deals for 3 weeks, 6 days to new customers, which will not be offered to existing customers under the eligibility criteria.

**3. We seek views from stakeholders on whether consumers with smart meters and any relevant time of use tariffs that the supplier is offering require separate consideration in relation to this policy proposal.**

Yes we do. We feel that smart metering offers the potential for innovation, especially in ToU tariffs. This is a key reason why we feel Ofgem must address why consumers perceive choice as a barrier rather than banning it as smart meters should lead to a multitude of ToU options and the problem energy consumers have with choice will re-emerge.

Our reservations about the cheapest tariff message aside, we think it is inappropriate for smart metering consumers as the choice is more complex as they do have ToU options, which can be informed by granular data. Currently smart metering customers are overwhelmingly active engagers in the market and have little need for prompting, we therefore think that Ofgem should exclude them from cheapest deal regulations and work with the industry into how suppliers sell the benefits of ToU tariffs to consumers with smart metering, thus rewarding participation, whilst offering backstop protection against inappropriate regimes.

## Chapter 7

**1. Do you agree with our proposal to introduce a price comparison tool?**

We agree with the principle of a price comparison tool although we feel that by focusing on price alone is misguided as it ignores customer service and the provenance of the energy. We also have reservations that an over simplified tool has the potential to mislead.

**2. What is your view about the terminology we are proposing for the two comparison metrics? Are they clear and easy for consumers to understand?**



Terminology around personal projection seems to be appropriate, and we are happy that consumers will understand that this is based on historic usage. We do feel however, that where the fuel is used for heating, then some reference to the variability between years should be made. It would also help the industry pre-smart metering to refer to the greater accuracy the projection will have if based on regular meter reads.

On the TCR, we are concerned about two aspects. Firstly, we would like to see evidence that consumers are able to categorise themselves into Low, Medium or High users as we believe incorrect classification may mislead. Secondly, we think it is important that the simplicity of this methodology is clearly caveated as a guide. For reason explained below, we have concerns that the TCR as currently defined could cause consumers to pick the wrong tariff for them.

**3. In your view, does our proposal for the TCR strike an appropriate balance between different trade-offs in terms of simplicity, accuracy, confusion and saliency?**

No. We believe that using a national TCR has the potential to lead consumers into selecting a more expensive tariff as the weighting between suppliers could mean that supplier A has a lower TCR overall, but Supplier B is cheaper in the South West for example. If consumers use the TCR for switching comparison, then potentially a consumer in the South West could switch from supplier B to supplier A believing they are choosing a cheaper tariff.

We are concerned that this potential to mislead could be challenged by the Advertising Standards Authority under their code, and we strongly urge Ofgem if they wish to pursue this GB wide approach that they pre-clear the TCR with the ASA before making it a licence condition.

We also have concerns about the use of TCR for ToU tariffs as the usage split between different time periods will vary considerably, thus changing the dynamics. We are also concerned that it could mislead consumers if comparing single rate TCRs to ToU TCR to make a misleading comparison and potential move from an Economy 7 meter to single rate which could make their overall bill more expensive. This problem will increase further as more consumers receive smart meters, where different ToU options will become available without the need for a meter change.

Overall, we believe the TCR as currently designed has the potential to do more harm than good.

**4. Do you agree with our proposal for the different features of the Tariff Comparison Rate, and our related proposal on the personal projection? Do you have any thoughts on whether and how time of use tariffs should be accommodated in the TCR and personal projection?**

As stated above we are not supportive of the TCR because of its real propensity to mislead. We do support the proposals on personal projections and believe that ToU tariffs can not only be accommodated, but with the advent of smart metering and access to granular data, it will allow consumers to compare different ToU tariffs with their supplier or across suppliers.

**5. In your view, should suppliers be required to make available up to date information on TCRs for their tariffs? What is your view on the barriers to the publication of best buy tables, and how could we better facilitate publication by third parties?**

If TCRs are taken forward, then we believe suppliers should have up to date information on TCRs as soon as reasonably possible. There should be some element of leeway just after a price change announcement to allow supplier chance to update materials, something that cannot be done ahead of schedule due to the commercially sensitive nature of such information.

In terms of best buy tables, we believe Ofgem has a role to play in ensuring that such tables are suitably caveated to ensure consumer do not switch purely on the basis of lowest TCR.

**6. Do you have any concerns regarding the implementation of this proposal? How long after a decision has been made would you take to implement this proposal? What drives these timescales?**

We are concerned about the cost of implementing these proposals. We are unable to do detailed costings as it would depend on the level of prescription as to where they have to appear on different communications. However, we do recognise that implementing the system changes required are likely to be of a fixed one off nature and thus disadvantageous to smaller suppliers who have to spread these costs over a smaller customer base.

Personal projections are easier to manage as we already provide them on consumer's bills, and offer personal projections as part of our sign-up process. However, if we are required to reformat and relocate this information on bills then there would be a cost involved.

In terms of timescales we envisage six months from the final requirements being defined sufficiently for system work to begin. However, we would prefer this to be after the trial has been completed in case the proposals are found to be ineffective or re-worked to ensure we do not incur unnecessary costs.

Ofgem should be aware that suppliers are already stretched preparing for smart metering and therefore allocating resources for these changes will impact other programmes.

## Chapter 8

**1. Do you agree that the revised Standard of Conduct (SOC) will help achieve our objective?**

Yes. We believe that one of the problems with the UK energy market is that it is over regulated and therefore suppliers become focused on compliance rather than service. By introducing the SOC, Ofgem should empower suppliers to focus on delivering services for the consumer rather than meeting the requirements of the regulatory regime.

The SOC should also encourage suppliers to compete on service as well as price through innovation. However, Ofgem must also play a part in changing its enforcement regime from applying compliance with the wording of the condition, to whether the supplier has delivered the objectives. It must also recognise that whilst some will deliver the objective others will excel. Ofgem will have to resist the temptation to remove that competitive advantage by pushing all suppliers to excel.

**2. Is there a different name for the SOC that will have more meaning to consumers and can be used by stakeholders across the industry?**

Not that we can think of.

**3. Does our approach to enforcement mitigate stakeholders concerns about clarity and regulatory risk?**

Partly. We are concerned as a smaller party that the emphasis is being placed on contemporaneous documents. Unlike larger parties we often make decisions in an ad-hoc manner to ensure speedy implementation across a small team of individuals. We are therefore hoping this cultural difference between us and the bureaucratic larger players is taken into account and that a lack of such documentation is not seen as proof that enforcement action is required.

For example, we support our customer care staff in training so that they can handle customer queries without having to resort to scripts. However, if we were required to prepare scripts to mitigate enforcement action then this would be both to the detriment of ourselves and consumers who value having a proper discussion with an informed advisor, which is frequent referred to in compliments we receive.

**4. Do you have any information regarding potential costs this may impose on suppliers?**

Costs are likely to be of an acceptable nature unless the enforcement approach requires excessive contemporaneous documentation to be created and managed.

Chapter 9

**1. Do you agree with our proposal for rules to be applied to fixed term offers in the domestic retail market?**

Yes.

**2. Do you agree with our proposed strategies to mitigate concerns regarding increases in network charges?**

Yes, but we do feel that Ofgem should consider a wider derogation around reasonable unforeseeable events beyond the suppliers control.

**3. Is 30 days the appropriate notification period for mutual variations? Should there be any exceptions to our proposals for mutual variations?**

We believe 30 days is acceptable. On exceptions we are slightly concerned that you consider changes to DD amounts to be part of the fixed element as this could vary due to increased usage by the consumer even if prices remain fixed.

**4. Are there any expected implementation issues or costs associated with this proposal?**

Good Energy does not currently offer fixed term tariffs and as such has no cost assessment.

**5. Do you agree with our proposed timetable for implementation of our proposals?**

Yes.

Chapter 10

**1. Do you agree that we should trial a Market Cheapest Deal Initiative?**

Good Energy is opposed to this on principle as it re-enforces that the only variable is price, and a supplier's quality of service, their fuel mix etc are not a deciding factor. There are no other markets where a retailer is legally obliged to inform consumers of a competitor's cheaper product and we believe it runs contrary to the whole point of retail competition. It also runs the risk of less than reputable businesses under cutting rivals to grow market share and then exiting the market. We also question whether it is allowed under EU competition law.

If such an initiative is trialled, then would only be willing to participate if fuel mix disclosure was given equal prominence and a Market Greenest deal was part of the package.

**2. Do you consider there are other approaches we should consider to address the particular issues with engaging sticky and/or vulnerable consumers? If so, what are they?**

We would support initiatives to help vulnerable consumers who have difficulty in engaging with the market, but believe that consumers who are capable of engaging with the market and exercise their right not to switch should be allowed to do so. We believe more could be done with the voluntary sector to offer energy health checks to help those in society who would consider switching but cannot or are fearful of doing so.

Ofgem should give greater consideration to customers who want to switch but cannot because they have historic heating tariffs which other suppliers cannot (or choose not to) deliver, and customers who are in rented accommodation who are prevented from switching by their landlord.

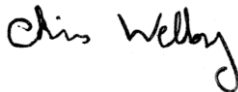
We believe that one key enabler will be Smart Metering which will bring consumers energy consumption into focus and encourage them to consider their energy usage and supplier choice. This will only work however, if suppliers can innovate in the smart world unhindered by anti-market regulatory constraints.

**3. Would you be willing to work with us in conducting the trial?**

As currently proposed, No.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink that reads "Chris Welby". The signature is written in a cursive, slightly slanted style.

Chris Welby

Policy & Regulatory Affairs Director