

## Onzo Response to OFGEM's Retail Market Review

### Chapter 2.

Q1. We agree with the characterisation presented.

Q2. We agree with the evidence base. If anything we believe it understates the current position, as consumers are now so inured to the effects of rising prices and negative engagement, that this is not just a case of changing direction, but of winning back lost ground. The description recently coined by the Shelton Group of "Learned Helplessness" is a good description of the current starting point.

### Chapter 3.

Q1. We agree with the rationale.

Q2. They seem proportional. The fact that supplier's estimates about the cost of implementation differ by a factor of one hundred suggests that they have very different views of consumer engagement. Hence OFGEM may wish to be more prescriptive.

We question whether TCRs should include service charges, as this results in single national figures, which may make it more difficult to develop meaningful comparison engines. In most other sectors, customers can obtain comparisons based on Post Code. Not including this level of detail seems out-dated.

Q3. We agree.

### Chapter 4.

Q1. We agree with this limit. There is little evidence that customers know how to choose between tariffs, in particular ToU. Therefore it makes sense to start with the lower cap until it can be proven that any new, innovative tariff works. The ability of smart meters to cope with immensely complex tariffs suggests that regulation should limit the introduction of new tariffs and that these should be closely monitored to see the resulting effect.

Q2. It is difficult to answer anything other than none.

Q3. It makes sense to transition dead tariffs to current ones, otherwise it perpetuates the current situation. Otherwise the rules appear appropriate.

Q4. It should be the aim to remove dead tariffs. There may be merit in explicitly defining the lifetime of a tariff for consumers.

Q5. The biggest implementation issue is the capability of current back-end systems. Against this, what is being proposed is already far below the level of billing complexity that

consumers experience from almost any other industry. From a consumer perspective, it does not seem tenable to allow this discrepancy to continue. Other industries and services have obviously found it cost effective to make this transition. Hence we would expect the same in this case. If an individual supplier has an issue then that should be a commercial issue for its customers and shareholders to decide on.

Q6. Yes. Again, other industries have made these changes in a shorter timescale.

## **Chapter 5.**

Q1. No comment.

Q2-5. Care needs to be taken about content provision for online accounts. Some reports suggest that around 30% of consumers on direct debit never open an online bill. If this is correct, then that same 30% would be unlikely to see any of the engagement messages. If we want to have an effect, it probably requires the continuation of other messaging media to convey non-billing information. We would recommend that the take-up of responses should be monitored on an on-going basis for different groups to gauge the effectiveness of each channel.

Q6. We believe that both fuels should be treated separately.

Q7. The first requirement is to regain trust and educate consumers about their cost of fuel and tariffs. Adding any additional information needs to be viewed in the context of whether it detracts from these goals. Again we refer to the Shelton report which suggests that consumers are turning off as a result of what they see as irrelevant information presented to them.

## **Chapter 6.**

Q1. We agree. Particularly with the comment that it should be personalised. That raises an issue with ToU tariffs, where the cheapest tariff may vary month by month. If a customer is on a ToU tariff, should that comparison be provided more frequently?

Q2. We agree.

Q3. See response to Q3. ToU tariffs with smart meters offer an interesting opportunity to switch on a monthly basis based on individual consumption patterns. Does Ofgem want to support this possibility?

Q4. No. This seems a good starting point. But may need to evolve based on experience.

## **Chapter 7.**

Q1. We agree. However, we believe that it should be location specific, so standing charges should not be bundled in the TCR. We would also like to see any tool have the ability to access smart meter data (where available) to provide a personal prediction that

includes ToU tariffs. It is important that flat rate and ToU tariffs are compared against each other and do not end up as separate categories.

Q2. We think this is a good starting point. Lumping together of discounts and penalties may be confusing, as one is mandatory and the other is not.

Q3. We would prefer the TCR to exclude the standing charge, so that it is specific to the customer. The personal projection is an adequate way to include it.

Q4. Please see previous comments.

Q5. Yes. The biggest barrier to best buy tables is obscuring information, which is why we would prefer to see the TCR only relate to the rate. Modern comparison engines are very competent at building up costs from many separate elements. But it is important that they have access to each of those individual elements, not just a value that is already wrapped up.

Q6. Other industries have made changes like this very quickly. There seems no reason why this should not be possible for the energy industry.

## **Chapter 8.**

Q1-4. No comment

## **Chapter 9.**

Q1-2. No comment

Q3. The period has an impact on the frequency of switching. In an early document on the smart metering deployment, it was stated that switching could occur every 24 hours. This may or may not still be seen as valid, but it is of relevance for the notification period for variations and the switching window. It isn't clear what the effect on rapid consumer or third party switching would be in the current document.

Q4. No comment

Q5. We agree.

## **Chapter 10.**

Q1. We agree.

Q2. We suggest starting with the measures proposed, then evolving them based on their success. It is important that the effects are tracked. One key piece of information for consumers today is understanding whether they have saved money by switching – many think they have not. It would be useful if they could see what the cost of their annual bill is

compared to what it would have been if they had not switched. That may be one useful step in restoring trust and re-engaging them with the switching process.

Q3. We do not have the resources to be involved in running the trial, but fully support the principle.

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Nick Hunn

CTO

Onzo Ltd ([www.onzo.com](http://www.onzo.com))

6 Great Newport Street, London, WC2H 7JB, UK

Direct Mob: +44 (0)7768 890 148

[nick.hunn@onzo.com](mailto:nick.hunn@onzo.com)