



20 December 2012

David Hunt
Head of Retail
Ofgem
9 Millbank
London SW1P 3GE
Tel: 020 7901 7000 Fax: 020 7901 7066
e-mail rmr@ofgem.gov.uk

Dear Mr Hunt

The Retail Market Review – Updated domestic proposals consultation

Last month when negotiating the least expensive deal for energy I came across something which I was told by Ofgem would be best placed in this review, which I have now read, and phoning again was advised to write to you directly.

The aim of the Retail Market Review (RMR) is to encourage and equip consumers to get the best deal from the energy market. (RMR introduction)

In a nutshell, having obtained my annual usage (which was not readily available on-line but immediately upon phoning) from nPower, I ran a price comparison with U-Switch, which with adjustments for their overestimation (the differential twist varying standing charges and energy unit prices across a range of companies) gave nPower Go-Jan14 as the best bet.

I use the term 'bet' exactly as meant. Under the current regime, any consumer has to reckon separately whether prices will go up over the next year, (or lock-in period, whichever is longer), and if so, by how much. This is not necessarily the case. I already knew that nPower were about raise their prices by 11% electric and 9% gas. So when I phoned again, I enquired about fixed rates, and calculated that, *even without any further price increases before January 2014*, nPower Go-fixed Jan 2014 was *at least as cheap as Go Jan 2014*.¹

The inference for Ofgem is fairly clear: in calculating a customer's cheapest deal, any known future price increases *must* be taken into account. If not, as demonstrated above, the deal may not be in fact the cheapest.

Furthermore, it may be worth considering it to be a requirement for suppliers to state when their last price increase was, (and by how much) together with the cheapest fixed tariff, so that consumers can more readily reckon whether to opt for the cheapest tariff *now*, whilst bearing in mind the possibility of a future price increase.

Some price comparison sites do give histories of companies' % price increases, but, if U-switch is typical, they currently do not take into account known future price increases (which to compare prices properly, they should). Since price comparison sites presumably do not come under Ofgem's remit, I've cc-ed this to the Consumers' Association.

