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Dear David

Domestic Retail Market Reform Final Proposals Consultation

Thank you for the invitation to respond to the above consultation. Good Energy is the UK's only dedicated 100% renewable electricity supplier. Built around a energy supply model using power generated from around 500 small and medium sized renewable generators, we have over 86,000 electricity, gas and Feed-in Tariff customers.

As one of the UK's most innovative energy companies, Good Energy has long championed the transition towards a decarbonised energy sector as an opportunity to create more open, transparent and accessible energy market. Ofgem's Retail Market Review presents an important opportunity to deliver those characteristics.

We have four main concerns with the policy set out in this document, and their subsequent transposition into licence conditions. For you ease I have referred to the relevant paragraph number in your document.

2.49

This is a missed-trick for the regulator, and while a 'rising-block' tariff will undoubtedly not appeal to most – linked with the correct technologies (such as onsite generation using PV, or linking with usage with a Heat Pump, for example), removes the ability for customers to truly engage with their electricity consumption – and truly provide the tools to help encourage reductions to consumption. We would welcome a view from Ofgem as to whether a 'rising block' tariff could be trialled and if demonstrated to be effective, introduced.

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Whilst we appreciate the policy intent of this change we are concerned about how such a requirement can be operationalized. Currently where a price increase is enacted, we would receive notice of intention to switch from an existing consumer, and this would result in their billing cycle being suspended, until they have switched to new supplier and we can create a final bill, or they are timed out, and billing is recommenced.

The decision to remove the requirement for consumers to inform us of intent to switch means that we now have two choices, either suspend billing for 20 working days after the price increase comes into effect, with the significant impact on cash flow (which small suppliers can ill afford), or engage in a complex process of rebilling customers who are billed after the price increase comes into affect, but we then subsequently receive notice from a new supplier that they intent to take over the customer. We would also need to filter out the change of tenancies that take place after the effective date, and the new occupier subsequently switches.

Either solution is messy and likely to be detrimental to consumers and ourselves. We would therefore propose either, the requirement to notify the old supplier of the intent is re-imposed to allow us to identify the consumers switching due to the price increase notification, or that the new supplier must have notified the old supplier by the price increase effective date. This is not unreasonable in our view given customers are given a minimum of 30 days notice of any increase, and supplier are obligated by EU directive to engage in a 3 week switching window.

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Good Energy, along with many smaller suppliers relies on word of mouth from existing consumers to grow our business. Currently twenty per cent of new Good Energy customers are referred by existing consumers, and is an effective method of new customer acquisition. To support this, customers referred under our friends and family scheme receive a monetary credit on their account at sign-up, with an equal amount being credited to the account of the referring customer. Whilst we believe we will still be able to reward the referring customer with a referral fee, we are concerned that the ban on cash incentive on sign-up severely hamper our key acquisition channel. For avoidance of doubt, we have never used this upfront credit in any personal projection, as it only applies to customers referred by existing consumers. Our ideal solution would be for Ofgem to recognise that credits onto account are not cash incentives as they can only be used against their energy consumption, and not converted into cash. Alternatively, that “friend and Family” referral schemes are exempt from this rule.

It should be noted, that for this acquisition method to work, then referring customers is pledging to friends and family that they will get an excellent level of care. This therefore incentivises suppliers to provide, and maintain excellent customer service, a key deliverable of the whole RMR process.

3.155

Now that we have Ofgem’s final proposals we are concerned that the implementation timescales for items that require significant rewriting of our billing systems are unachievable. Our current analysis shows that the scale of change required by 31st March 2014 will be difficult to achieve, in particular for creating new bills and annual statements.

Whilst we recognise Ofgem’s desire for swift implementation, they do need to recognise that these changes are the same for large and smaller suppliers, but larger suppliers have significantly more resources to engage in these fundamental changes to core systems.

I hope you find this response useful and can accommodate the issues raised. If you have any questions, please do not hesitate to contact me.

Kind regards,

Chris Welby

Chris Welby

Policy & Regulatory Affairs Director