



Making a positive difference
for energy consumers

To: Domestic suppliers,
consumers, consumer
representatives, academics and
other interested parties.

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Date: 31 January 2014

Domestic Retail Market Review Evaluation – a proposed way forward

In summer 2013, we published our domestic Retail Market Review (RMR) package of remedies.¹

In this letter, we describe how we will monitor and evaluate the impact of these new rules on the domestic retail market. If you have any views on what's outlined in this letter, please email responses to retailmarket.review@ofgem.gov.uk by 28 February 2014.

What we proposed

To promote engagement and improve competition, our RMR reforms are making the market simpler, clearer and fairer for consumers. The measures we are introducing started to come into force from August 2013, and the majority are already live for consumers.

Our new rules to improve fairness for consumers through legally binding Standards of Conduct were effective from 26 August last year. In the same year, from 23 October, we introduced rules to enhance consumer protections, for example, by banning automatic contract rollovers for domestic consumers. On 31 December 2013, we introduced new ways to make tariff choices simpler for consumers by limiting the number of tariff choices, and standardising tariff structures. Additional rules related to dead tariffs will be effective from June 2014.

And from March 2014, there will be new rules about making supplier communication clearer for consumers. New tools will help consumers navigate the market, such as Personal Projections and Tariff Information Labels. Routine communications are improving too, so that customers can find information more easily, and it is more personalised for their needs.

Why monitor and evaluate?

We recognise these new rules will lead to significant change to the functioning of the retail market. As a result, throughout the consultation process we have been committed

¹ ['Implementation of the Domestic Standards of Conduct – decision to make licence modifications'](#), 28/06/13 and ['The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information'](#) published 27/08/2013

to monitoring their impact on consumer engagement, and assessing what effect this has on the broader market.

Last year, we indicated it was our plan to produce an assessment of competition and the health of the market on an annual basis.² To do this fully, it is essential we understand what role the RMR has played in the progression of the market.

To find out how successful the RMR has been, and to ensure we have a strong base of evidence for future policy development, where possible we are seeking to:

- Determine whether and how far the RMR has contributed to improving consumer engagement
- Recognise which aspects of our proposals are benefiting most consumers, and understand how specific groups of consumers (e.g. vulnerable) are being affected
- Understand to what extent changes which we are observing in the market can be attributed to our RMR proposals, compared to other factors.

Given this, and the impact RMR is likely to have on the market, we think we should, as far as possible, closely analyse the market, to see which changes produce which effects.

How is an evaluation different to monitoring?

Although we collect and monitor data about consumer perceptions and behaviour, and wider market outcomes, this information largely describes *how* the market is changing. We can infer the cause of observed changes, but our data does not consistently allow us to establish correlations, to explain *why* these changes have occurred.

An effective evaluation of RMR would coherently highlight correlations between our policies, and their impact on the market. The ability to establish correlations between policy and market outcomes is extremely valuable, and will provide significant benefits, such as a strong basis for informing future policy development. This is particularly important given the market is likely to change in response to the roll out of smart meters.

In May 2013 we commissioned Europe Economics (experts in impact assessments) and Ramboll (evaluation experts) to help us identify if a robust evaluation of the RMR was possible. Their report does not present the final the framework to assess the RMR, but provides recommendations on what kind of framework would be appropriate and what evaluation approaches would be suitable. The findings from this work are published alongside this letter, and the approach below has been informed by its recommendations.

Monitoring and evaluation in an RMR context

Evaluating the RMR may be desirable, but it could also be challenging, for reasons including:

- **Establishing a baseline** – The RMR measures have been developed over a long period of consultation, since November 2010. Some suppliers have responded positively to our concerns throughout the consultation, and changed their behaviour accordingly. For example, before these rules had become effective, some have amended the structures of their tariffs, and launched new bill designs. Assuming the market only changes once the new rules are effective may misrepresent the policy impacts. Even though a 'clean' baseline may not exist for the RMR, it is still feasible to observe changes in the market from a fixed point in time. We may have seen some changes to the market already, but the full

² ['State of the market report - Assessment framework'](#), 19/12/13.

benefits of the RMR have not yet been realised. As a result, any data collected in early 2014 can still be used to create a baseline.

- **Isolating the impacts of specific policies** – There are a number of difficulties associated with attributing change to the RMR policies. There are many factors which influence the energy market and consumer engagement that are not related to the RMR. Similarly, it is difficult to say with any certainty what would have happened to the market in the absence of our new rules.

In addition, attributing change to individual policies within the RMR presents yet further complexities. The RMR was designed to work as a package and, as a result, many of the individual policies share the same objectives. It may therefore be difficult to isolate the impact of one policy over another.

Although some evaluation approaches can be very effective in isolating the impact of specific policies, they are reliant on being able to divide populations into 'test' and 'control' groups. This is extremely difficult in the context of a national and market-wide programme of reform such as the RMR. Also, given the scale of the package of measures, even during policy development stage, this would be challenging.

As a result of these features, some of the most robust evaluation approaches are not possible, such as Randomised Control Trials and Matching Pairs. For more information about these evaluation approaches, please see attached report by Europe Economics and Ramboll.

Our Framework

Despite these limitations, Europe Economics and Ramboll consider it is possible to design an evidence based approach to monitor and evaluate the overall impact of RMR, and groups of policies within it. To assess whether the RMR is working, we will create an evaluation framework to:

- **Measure changes over time, compared to a baseline** set before the entire package is in effect. We will measure these changes by combining the findings of a range of data sources, including consumer research and supplier metrics.
- **Use consumer research to support contribution analysis** in an attempt to understand what could be causing the changes we are observing, and to what extent they are a result of our policies.

Different forms of contribution analysis, including more advanced forms of analytics such as multivariate analysis will, over time, will allow us to understand if there are correlations between our policy interventions and the observed impacts on the market, while as far as possible controlling for other outside factors. We intend to complement this analysis with descriptive monitoring, tracking and describing changes related to our new policies.

This table shows our approach:

Table 1: Analytical features of our evaluation approach	
<p>Bespoke consumer research: Developing a large-scale bespoke consumer survey carried out annually over four years for time series & multivariate analysis; supported by additional qualitative research</p>	<p>Theory assessment These features are designed around our <i>theory</i> of how we <i>expect</i> our proposals to impact consumer behaviour and the market.</p>

<p>A time series study: Using a wide range of evidence to track how specific market outcomes are changing over time, compared to a baseline point in time</p>	<p>They are seeking to measure the outcomes of the policy (both intended and unintended) and identify what is causing those outcomes.</p>
<p>Descriptive monitoring: Using existing and newly acquired indicators</p>	
<p>Holistic context: Contextualise findings with wider market monitoring and assessment</p>	
<p>Process assessment: Understanding and monitoring how our rules have been implemented by suppliers and third parties</p>	<p>Compliance assessment Alongside an assessment of theory it's important we also understand how suppliers have <i>chosen</i> to implement our rules. This will allow us to assess if changes we are seeing are as we expected, or if they have been influenced by how suppliers have implemented the rules</p>

Theory assessment

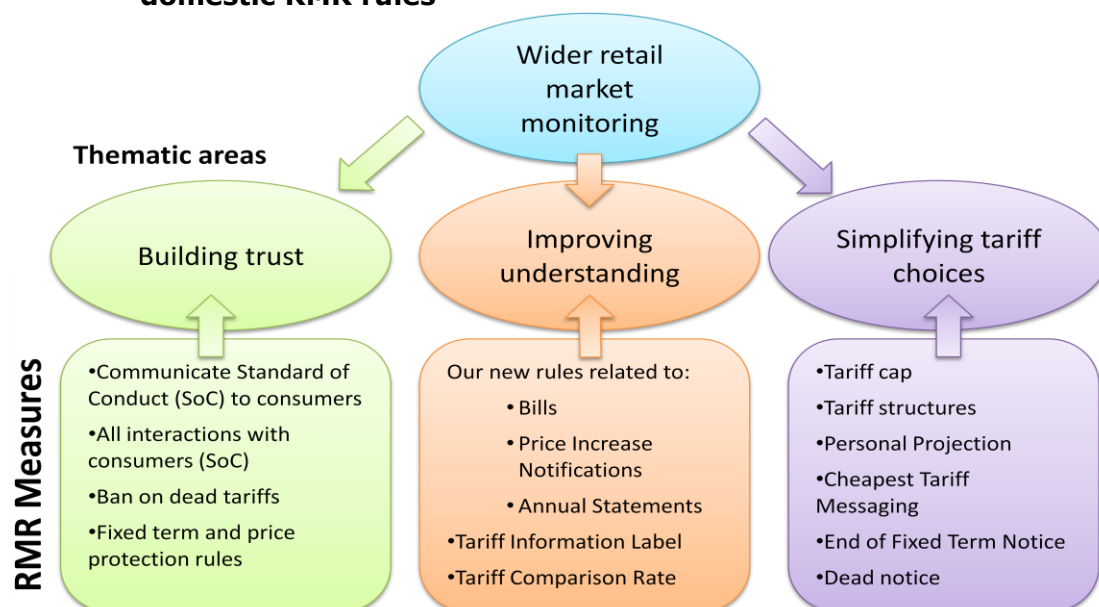
These analytical features are underpinned by a theoretical framework of how we expect the RMR to impact the market. It's important to note that, based on the recommendations of the scoping study, our framework uses a top-down approach. One reason that conducting an evaluation of the RMR is challenging is that isolating the impact of each policy measure is very difficult. As a result, our framework looks at how policies in combination have contributed to three broad objectives: building trust, improving understanding and simplifying tariff choice.

We recognise policies are often interdependent, and as a result will have an impact on multiple objectives. By grouping the policies in this way we will be able to understand if some broad parts of the package are more effective than others at improving consumer engagement.

So each of the policy areas have been grouped according to their primary aim³. Figure 1 shows how RMR policies compare against the three objectives.

³ Please note, the policy groupings set out in Figure 1, do not correlate to the policy groups previously used in the RMR consultation documents. For example, Cheapest Tariff Messaging, is classified in our consultations as part of the clearer information proposals, but for the purposes of the framework is considered under simplifying tariff choices. If you want further information on the policies mentioned in this diagram please see <https://www.ofgem.gov.uk/simpler-clearer-fairer>

Figure 1: Top-down approach recognising the inter-linking nature of the domestic RMR rules



Our analysis will identify the contribution of the policies to these three objectives, in the context of wider market developments and progression of competition. For example, our wider monitoring and broader market assessment may inform us that consumer engagement in the market is improving. Through this evaluation, we will try to understand how RMR policies have contributed to that broader trend of increased engagement, compared to other factors. Understanding the contribution of the RMR to all three of these objectives in combination, within the context of a wider market assessment, will identify the overall impact of the RMR on the broader market.

Theories of change

Our policy groupings by primary objective were developed using Theories of Change (ToC) for each policy measure. These ToC tables show how we expect our new rules to impact the market, such as what we identify as the problem, our solution, and what outcomes we want to achieve by introducing the new rules. Following this structure allowed us to identify the appropriate indicators to measure. Further details on the process for developing our ToC can be found in the scoping study published with this letter.

Alongside the desired outcomes, there may be unintended consequences caused by our new rules. For this evaluation to be successful, it's important we can monitor both where our policy may be working, and where improvements could be made. This will ensure good policy development in the future. A summary of the ToC for each policy area, including some of the potential unintended consequences, can be found in Annex 1.

A workshop we held in December 2013 allowed us to outline these ToCs, and discuss with stakeholders what we thought the outcomes and potential unintended consequences might be⁴. We have considered these carefully with stakeholders, and incorporated their views into our monitoring and evaluation approach.

Policy outcomes and indicators

This approach helps identify the most appropriate indicators to track over time, and use to understand how effective our new rules are. We provide below a summary of these aspects of our ToC. We describe the key outcomes we think will be delivered by the

⁴ The materials from the workshop will be available on our website shortly

policies and how we may broadly measure them, under each of the three main objectives: building trust, improving understanding and simplifying tariff choice. A more comprehensive list of outcomes and indicators can be found in Annex 1.

Building trust

Our policies aim to improve a consumer trust and engagement with their own supplier, and the wider market.

Table 2: Key outcomes and indicators for building trust policies

Outcomes	Indicators
<ul style="list-style-type: none"> • Suppliers treat consumers fairly in all interactions • Suppliers are consumer centric • Consumers hold their supplier accountable when they do not meet their commitments • Suppliers provide clear and transparent information, and therefore consumers are content they are not being misled 	<p>We are intending to measure consumers’:</p> <ul style="list-style-type: none"> • Trust in their own energy supplier (to treat consumers fairly, to provide clear and helpful information, etc) • Trust in energy suppliers in general, e.g. relative to other sectors/organisations • Satisfaction with overall service received from their own energy supplier, and satisfaction with contacts/complaints handling

Improving understanding

The policies in this group aim to help improve consumers’ understanding of, and therefore engagement with, the energy market.

Table 3: Key outcomes and indicators for improving understanding policies

Outcomes	Indicators
<ul style="list-style-type: none"> • Suppliers provide clear and simple information to consumers • Consumers can easily find important information about their tariff • Consumers understand their current tariff, their energy usage and their circumstances • Consumer assess their tariff options more regularly with their current supplier, and more widely • Consumers assess their options more accurately, using personalised information, and they make an active decision based on this assessment (even if this decision is not to act) 	<p>We are intending to measure consumers’ awareness and understanding of:</p> <ul style="list-style-type: none"> • Features of their own tariff and ease of finding out information about current tariff and energy use • Savings available by switching (ie. whether there is seen to be a difference in the prices charged by their own supplier and different suppliers) • Possibility to switch supplier/tariff • Alternative tariffs available to them that may be better suited to their needs (from alternative and own supplier) • We will also measure engagement with key supplier communications (ie. whether they are considered clear/understandable and whether they prompted relevant engagement behaviours)

Simplifying tariff choices

The policies under this objective aim to simplify the tariff choices for consumers, in order to increase the number of consumers who are able to effectively engage in the market.

Table 4: Key outcomes and indicators for simplifying tariff choice policies

Outcomes	Indicators
<ul style="list-style-type: none">• Consumers find it less time consuming and easier to compare tariffs and their features• Consumers find the market less complex• More consumers engage and confidently make switching decisions• Consumers make well informed decisions	<p>We are intending to measure consumers’:</p> <ul style="list-style-type: none">• Ability to compare tariffs easily• Satisfaction with the choice of tariffs available• Confidence in switching decisions• Confidence that they are getting the best deal for their circumstances (also, an overarching indicator)• Increased proportion of consumers comparing and switching tariffs (also, an overarching indicator)

Next Steps

Our bespoke consumer survey is in its final stages of development; as a result it is unlikely we will be able to incorporate further views into its design this year. However we are intending to gather information from a wide range of sources, including existing consumer research, further qualitative work and additional supplier data. Any views we receive will be considered for the rest of the framework, and our analysis of the results.

Following consideration of any views we receive, we will publish the final framework for evaluating the RMR in summer 2014. Our plan is that the annual reports assessing the state of competition in the retail market will include findings from the evaluation from 2015 onwards.

If you would like to submit views on anything outlined in this letter, please send them to retailmarket.review@ofgem.gov.uk by 28 February. Alternatively, to:

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Unless marked confidential, all responses will be published on our website at www.ofgem.gov.uk. You can request for your response to be kept confidential, and we will try to respect this as far as is compatible with our statutory functions and obligations to disclose information, such as under the Freedom of Information Act 2000. Respondents who wish for their responses to remain confidential should clearly mark document(s) to that effect and include reasons for confidentiality.

Yours faithfully

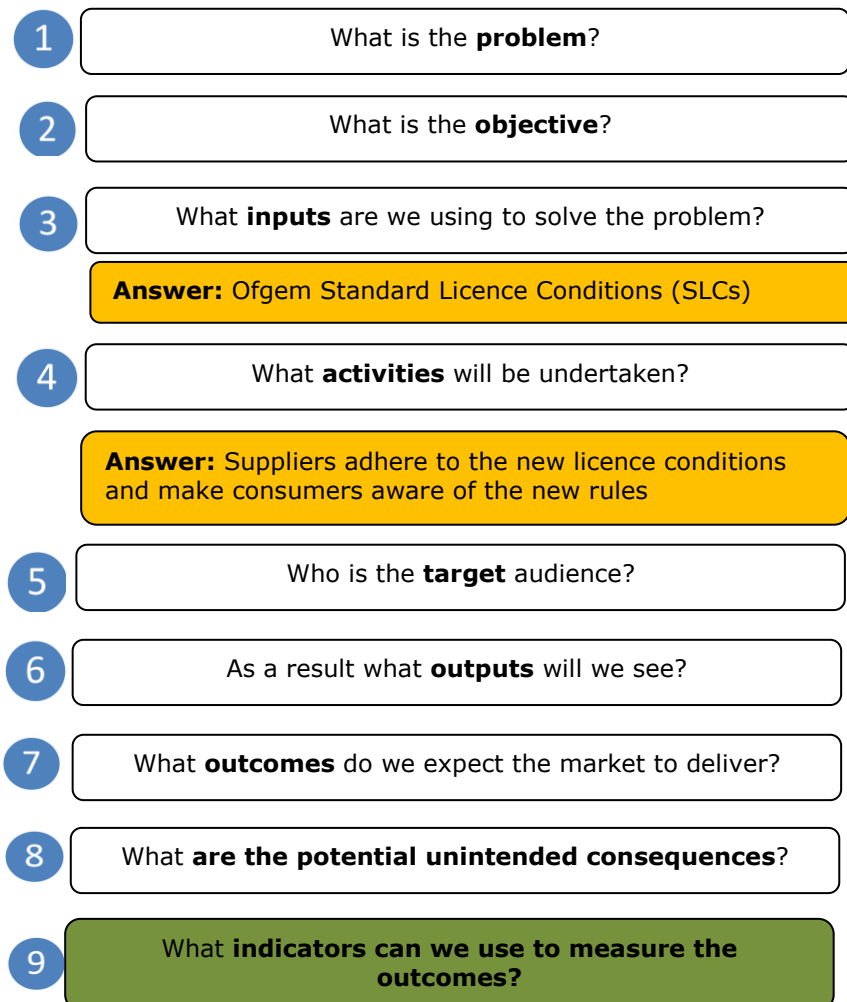


Neil Barnes
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Annex 1 – Further detail on our Theories of Change and measurement indicators

Our Theories of Change (ToC) describe what we expect each individual policy to deliver, and what indicators we may wish to use to measure these outcomes. The diagram below outlines the steps we have completed for each policy to develop a ToC.

Figure 2: The Theory of Change process



To develop our theoretical framework we have populated steps 1-9 for each of the individual policies.

As can be seen above, at a high level Steps 3 and 4 are the same for each ToC. We are aware that, in practice, adherence to the new licence conditions will encompass a diverse range of supplier activities and responses, and this is something that we intend to monitor going forward.

To provide a more detailed view of the outcomes presented in the open letter, the next section focuses on outlining the results of steps 2, 6, and 7, for each policy area under the three main objectives: building trust, improving understanding and simplifying tariff choices. The final part of this annex then sets out an illustration of the types of indicators we will use to measure these outcomes.

Objectives, outputs and outcomes

The outputs and outcomes set out in the tables below build on the work conducted in conjunction with Europe Economics and Ramboll. In order to populate the overall evaluation framework, we began by constructing ToCs for each individual policy measure. Given the broad range of policy measures, a significant number of outputs and were identified through this process.

Having undertaken this exercise at a policy-specific level, we were then able to identify those areas where the outputs and expected outcomes overlapped and reinforced one another. These were then refined, and combined, to create a comprehensive and holistic top-down framework based around the three key objectives of the RMR.

Even given this exercise, it would not be feasible to attempt to capture the extensive list of outputs and outcomes identified. At our stakeholder workshop in December, we began a process of prioritisation with various industry and consumer group representatives. These discussions enabled us to develop a comprehensive picture of those outputs and outcomes considered to be crucial to a successful evaluation of the RMR package.

The tables below are intended to provide an indication of the types of outputs and outcomes that have informed our approach. As we finalise our framework, further prioritisation and refinement may be necessary to ensure our approach is feasible and proportionate.

Outputs

Enforceable SoC for all interactions with consumers and communication these standards to consumers

Supplier policies and processes will be amended to align with the SOC

Suppliers will monitor their impacts on consumers and make changes where required

The SOC will be communicated to consumers

Fixed term and price protection rules

The terms of fixed-term contracts are simplified and consumers cannot be automatically rolled from one fixed-term contract onto another

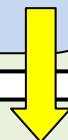
Unilateral changes cannot be made to a fixed-term contract once a consumer has signed up to it (excluding changes in VAT, payment method or staggered tariffs)

Consumers receive price protection while they consider their switching options

Ban on dead tariffs

Consumers will automatically be moved off expensive dead tariffs

Suppliers will conduct an annual check to ensure consumers on remaining dead tariffs are not paying more than the cheapest evergreen tariff



Outcomes

- Increased consumer trust in the energy market and their supplier
- Suppliers take action to fully address consumers' concerns
- Suppliers treat consumers fairly across all interactions including:
 - Providing consistently good basic service which meets consumers needs
 - Consistent staff behaviour which is honest, fair, appropriate and professional
 - Treated efficiently, effectively, and empathetically
- Consumer complaints categories change as suppliers become more responsive to consumer needs (complaints may increase if consumers are more engaged and push for better treatment)
- Consumer behaviour and awareness of SOC leads to pressure on suppliers to treat consumers fairly
- Suppliers become more consumer-centric, and ensure their service arrangements are appropriate and transparent

- Consumers understand the features of fixed term tariffs
- Consumers understand, and have confidence in, the fixed-term tariffs
- Consumers do not experience practices that may leave them at a disadvantage, for example automatic contract rollovers

- Increased consumer trust in the energy market and their supplier
- The number of poor value dead tariffs in the market decreases
- The number of consumers on dead tariffs is reduced
- Market and comparison complexity is reduced for consumers on dead tariffs
- The number of dead tariffs is reduced
- Consumers understand their dead tariff, and their circumstances
- Consumers on dead tariffs are better able to engage and compare tariffs

Outputs

Bills

Consumers will be informed on page one of every bill about any lower price alternative tariffs, and the personalised savings available by switching

Consumers will have key facts about their tariff grouped together in one place on page two of the bill.

Annual Statements

Consumers will receive a separate annual statement with no marketing material within, or in conjunction with, the notice

The key purpose and message of the communication will be clearer due to a clear title

It will contain personalised information about a consumer's current tariff and circumstances, in a standardised layout

Price Increase Notifications

Only information relevant to the price increase and the consumer current tariff will be provided on the notice as part of a standalone mailing.

Personalised information about the increase in prices will be provided on page one, in a standardised format.

The effect of a price increase must be communicated to consumers in a straightforward pounds and pence format

Outcomes

- Consumers have a greater awareness of the monetary savings available by switching with their current supplier
- Consumers have a greater understanding of their current tariff and usage (including knowing their tariff name, their annual consumption, whether their tariff has an end date and if it has an exit fee)
- Consumers can easily find the personalised information they need to assess their options accurately (such as their annual consumption, annual cost, and their tariff name etc)
- Consumers assess their options more regularly with their current supplier and more widely

- Consumers recognise their annual summary
- Consumers can easily find clear information on their tariff, costs, and usage
- Consumers understand their own tariffs, cost and usage
- Consumers accurately assess their options, using personalised information, at least once a year
- Consumers make an active decision based on their assessment (even if this is to take no action)
- Consumers understand they can seek independent advice (and how to do so)
- Consumers have an awareness that there may be savings available by switching with their current supplier

- Consumers understand the purpose of the price increase notice
- The price change information is clear and easy to find
- Consumers understand the personal impact to them of the price increase (both monetary and tariff features)
- Consumers understand the options available to them to manage the price increase
- Consumers are prompted to make an active assessment of their options using their personalised information
- Consumers have sufficient understanding and confidence to act upon the information they are provided with
- Consumers make an active decision based on their assessment (even if they decide not to act)

Outputs

Tariff Information Label

The Tariff Information Label (TIL) will provide consumers with the key facts about the tariff in a standardised format

The label will include information such as:

- Unit rate(s)
- Standing charge
- Discounts
- Surcharges

The TIL will be easily available online and on request.

Tariff Comparison Rate (TCR)

The TCR will provide consumers with a single rate per tariff that can be used as the an initial basis for comparing tariffs

The methodology for calculating the TCR is standardised across the market, and will include the standing charge, unit rate(s), discounts and certain bundles that apply to a tariff

The TCR will be presented as a p/kWh figure



Outcomes

- Consumers understand the different tariff features, including the terminology used.
- Consumers can compare tariff features easily within their current supplier and between suppliers
- Suppliers and price comparison websites present key tariff terms and conditions in like-for-like way.
- Consumers can find the key tariff features in order to confidently engage in the market

- Consumers are familiar with the TCRs and recognise them across communications, websites, advertisements etc
- Consumers understand how and when to use the TCR i.e. that it can be used as an initial point of comparison
- Consumers are prompted to engage when they are presented with a TCR, and are confident to do so.
- Consumers understand the savings which can be made by changing tariff.
- Consumers make well informed decisions about switching tariff or supplier

Outputs

Tariff Cap

Suppliers will be limited to 4 gas and 4 electricity 'core' options, per meter type or mode, at any point in time

Tariff Structures

Suppliers will only be allowed to have one structure for tariffs – a unit rate (or unit rates for time-of-use tariffs) and a standing charge

Suppliers will only be able to offer two cash discounts, one for dual fuel and one for managing accounts online, displayed in a pounds-per-year format

Personal Projection

Suppliers will use a common means of estimating the annual cost for an individual consumer, using their own energy consumption.

Consumers have an accurate, personalised figure for what they are likely to pay on a given tariff.



Outcomes

- Consumers find the market less complex to compare and assess their options
- Consumers find it less time-consuming and easier to compare tariffs and features
- Consumers are more confident they can choose the appropriate tariff for their needs
- More consumers engage and confidently make switching decisions

- Consumers find tariffs easier to understand and compare
- Consumers find the market less complex to compare and assess their options
- Consumers find it less time-consuming and easier to compare tariffs and features
- Consumers engage and confidently make switching decisions
- Consumers make well-informed switching decisions

- Consumers are familiar with the Personal Projection, and have a greater knowledge of their own annual cost of energy.
- Consumers are able to confidently compare the price of tariffs, more accurately, on a like-for-like basis
- Consumers are confident that the quote they receive is tailored to their circumstances
- Consumers find it less time-consuming and easier to compare the price of tariffs
- Consumers make well-informed, switching decisions
- Consumers engage and confidently make switching decisions

Outputs

Cheapest Tariff Messaging

Consumers will be regularly informed of:

- The cheapest tariff for them with their current supplier
- The savings available by switching

End of fixed term notice

Consumers will receive personalised information about their tariff, and alternative tariffs by their current supplier

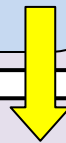
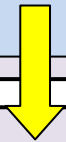
Consumers will have information on their options once the tariff ends and the implications.

Notices will be clearly recognisable by a heading, and use simple language

Dead notice

Consumers will be notified of the changes to their Dead tariff and told why it has changed

Consumers will be provided with information to help them assess their options accurately.



Outcomes

- Consumers are aware that they could save money by changing tariff with their current suppliers.

- Consumers need to expend less effort (and incur less search costs) to determine if they are on their supplier's cheapest tariff

- Consumers are confident that their supplier is treating them honestly and fairly

- More consumers move to a cheaper energy tariff that reflects their current preferences

- More consumers save money by switching to lower priced tariffs

- Consumers are prompted to investigate options across the market

- Consumers understand their tariff options at the end of a fixed-term contract.

- Consumers know they pay no termination fee if they switch tariff/ supplier at the end of their fixed term contract

- Consumers make a well informed, active choice for at the end of their fixed-term tariff

- Consumers confidently make well switching decisions (across tariffs; across suppliers)

- Consumers understand any changes being made to their dead tariff and why

- Consumers open, read and understand their Dead Notices

- Consumers know where to find further information about their dead tariff

- Consumers consider their options (ie: first step before switching, in particular if they have never switched before)

- Consumers on dead tariffs make an active choice, due to the information they receive

- Consumers know that they can switch supplier and make well-informed switching decisions (across tariffs; across suppliers)

Potential unintended consequences

To ensure we have a robust basis for evaluation and future policy development, we have included within our theoretical framework where our policy may have unintended consequences. There could be instances where our policies do not achieve the outcomes we set out above. For example, the consumer may still find tariffs complex, despite our measures to simplify tariff structures. This could be for a number of reasons but we would use a range of evidence, including additional qualitative work, to identify what is driving that outcome.

However, there is a risk our policies may cause additional outcomes, that are undesirable and which we did not expect. We have already considered these as part of our policy development (e.g. in our impact assessments) however, it is necessary to build them into our evaluation. We have used views previously expressed as part of the policy development, and those provided at the workshop in December last year to provide a summary by main objective.

Table 5: Summary of key potential unintended consequences of the RMR package

Policy Aim	Potential unintended consequences
Overall	<ul style="list-style-type: none"> • Tariff prices increase in the short term due to cost of implementation
Building trust	<ul style="list-style-type: none"> • Suppliers introduce costly systems to become consumer centric, and pass this cost on to the consumer • Consumers see the additional consumer protections as safe, default option (e.g. where they have been rolled over on to the lowest price variable tariff), and therefore do not engage
Improving understanding	<ul style="list-style-type: none"> • The content and layout restrictions on the routine communications limit a supplier’s ability to innovate within that communication, and therefore information is less responsive to consumer needs • Consumers are confused by the volume of information they receive, and find it too much to understand • Suppliers do not invest in engaging formatting of information, and therefore the new information does not prompt engagement • Information provided by Third Party Intermediaries (TPIs), such as TILs, and TCRs, are not appropriate and therefore cause customer confusion • Consumers are confused by the purpose of the new communications tools, such as the TCR, and do not use them appropriately, leading to poor decision-making by consumers
Simplifying tariff choice	<ul style="list-style-type: none"> • Genuine tariff innovation is restricted so suppliers are unable to differentiate products to meet consumer needs • Some consumers are frustrated at the removal of certain tariffs or tariff features (e.g. certain discounts), and as a result further disengage from the market

It is important to recognise this table provides only the key unintended consequences we have identified. This will continue to develop throughout the evaluation, as we assess the emerging evidence.

Indicators

The steps within the theories of change process set out above have been used to identify indicators to track over time. The table below sets out an illustrative list of the types of indicators we will use to assess the impact of the RMR remedies, and how they could be measured.

As we established through this work, in a number of cases the expected outcomes and potential unintended consequences of our policy measures overlap and reinforce in certain cases. For this reason we have set out some high level indicators that will be relevant to an evaluation against multiple policy objectives. In addition, it is worth noting that in a number of cases, certain indicators will take on greater importance at a segmented level, e.g. in assessing the impact on vulnerable customers in particular.

The tables include both hard statistical indicators, and consumer data to be collected through consumer surveys. Where appropriate, we intend to supplement these indicators with qualitative consumer research. This mix of data sources will be key in allowing us to build a robust picture of how consumer experiences of the energy market change over time, while placing this change firmly in the context of wider changes.

Building on the work conducted in conjunction with Europe Economics and Ramboll, our identification of appropriate indicators has been based on quality rather than quantity. As discussed previously, it would not be feasible or proportionate to gather indicators for each specific output and outcome identified. However, we do not expect the indicators we use to populate the RMR evaluation framework to remain completely static over time. Rather, we would aim to augment the information we collect over time in order to build a comprehensive dataset for analysis and assessment. As such, the indicators specified below should be seen as an illustration of our starting point, which will be built upon and strengthened as we proceed with our evaluation.

Table 6: Illustrative indicators for time-series monitoring

Policy Aim	Indicators
Overall	<p>Number of customers by tariff:</p> <ul style="list-style-type: none"> - Broken down by type of tariff (e.g. evergreen, fixed term, tracker etc) <p>Number, type and price of tariffs</p> <p>Level of switching:</p> <ul style="list-style-type: none"> - Broken down by customer type (e.g. time of use/non-time of use, payment method) - Inter and intra-supplier switches <p>Consumer behaviour data:</p> <ul style="list-style-type: none"> - Level of consumer confidence that they can compare tariffs easily - Level of consumer understanding of their current and alternative tariffs - Level of consumer confidence that they are on the best tariff for their circumstances - Level of reported comparison activity
Building trust	<p>Complaints</p> <ul style="list-style-type: none"> - Number and type of complaint - Resolution times <p>Objections</p> <ul style="list-style-type: none"> - Frequency and reason for objection - Resolution times - Number of erroneous transfers <p>Consumer behaviour data</p> <ul style="list-style-type: none"> - Consumer trust in their own supplier to treat them fairly - Consumer trust in energy suppliers and the market in general - Consumer satisfaction with the interactions they have with suppliers - Consumer satisfaction with the overall standard of service they receive from suppliers
Improving understanding	<p>Review of communications</p> <ul style="list-style-type: none"> - Suppliers routine communication designs

	<ul style="list-style-type: none"> - TPIs use of new communication tools <p>Consumer behaviour data:</p> <ul style="list-style-type: none"> - Level of consumer confidence that they have or can find the information they need to compare tariffs - Level of consumer satisfaction that the information provided to them by their supplier was clear and understandable - Level of consumer satisfaction with the amount of information they receive from suppliers - The extent to which consumers are prompted to take action as a result of receiving supplier communications
Simplifying tariff choices	<p>Tariff structures:</p> <ul style="list-style-type: none"> - Number and type of bundled products and services - Derogation requests from suppliers for new/trial tariffs <p>Consumer behaviour data:</p> <ul style="list-style-type: none"> - Level of consumer satisfaction with the choice available - Extent to which consumers are aware of the savings available from switching - Extent to which consumers feel savings levels are worth the effort of switching