

Which? Debate: Energy Regulation for the Consumer

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ofgem

Ofgem wants to listen to

- Consumer organisations like Which?
- Organisations like Age UK and Citizens Advice
- The business and industrial community
- But above all, to the energy customer
- So we know consumers are not happy...

Energy: state of play

- Energy prices have risen considerably
- Energy complaint numbers have risen
- Trust in energy companies has fallen
- We have referred the market to the Competition and Markets Authority (CMA)

Regulatory approach

- Primary goal to serve interests of consumers
- Regulator not a consumer advocacy body - tries to make markets work for consumers
- Effective competition is key but not working that well currently
- Competition problems rooted in lack of consumer trust

Regulators and Consumers

- Regulator must understand the consumer experience and the way they interact with energy products
- Must use this to determine how and when it intervenes
- Must use it to determine strategic priorities

What is a “good” energy market?

- Companies top management taking more responsibility for consumer engagement
- Rising minimum standards and fair treatment for consumers
- Higher switching rates; lower complaint numbers; higher trust rates
- Innovative new products introduced fairly

How do we get there?

- Better information for customers: simpler and clearer bills, easier switching
- Better complaints handling: investigations into suppliers, strengthening the Ombudsman
- Better customer service: Standards of Conduct for all suppliers and enforcement action if they fail

Examples

- Price comparison websites with action guided by how consumers interact with them
- Letters to 8 million recipients of winter fuel payments to remind of switching options
- Control trials to test impact of bill design on customer engagement

The future

- CMA will look at competition structure
- Smart meters will assist consumer switching and empowerment
- We want innovation in the consumer interest – committed to trialling products; measuring results; disseminating successes more widely