

Dennis Berg
Consumers & Competition
Ofgem
107 West Regent Street
Glasgow
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16 September 2016

Statutory Consultations on the removal of certain RMR Simpler Tariff Choices rules

Dear Dennis,

So Energy is greatly concerned at the impact that the removal of certain RMR Simpler Tariff Choices rules will have on trust and transparency within the energy industry. The ultimate aim of these changes is to benefit the consumer, by making competition more effective within the sector. In recent years, we have seen an increase in new entrants clearly exert downward pressure on prices available to consumers; the gap between the cheapest tariffs on offer and Standard Variable Tariffs has consistently widened.

The changes that have been proposed will, without a doubt, make the energy market a more confusing and challenging landscape for consumers. The rationale for these changes is one based around 'innovation'. Although we champion the idea of innovation within the sector and the potential benefits that it may bring to the consumer, we caution the idea that innovation through exclusives, discounts and bundled products should be seen as a positive step. These are all tools that will lead to less transparent prices for consumers. Furthermore, the introduction of exclusive deals is solely designed to allow for consumer discrimination.

In describing a 'trade-off between simplicity and innovation', Ofgem recognises these changes will erode transparency for consumers. The benefit, 'innovation', is less well-defined. We ask that we have some clarity around how Ofgem intends to judge success or failure when it comes to innovation within our sector, given Ofgem's awareness that we will be sacrificing some consumer interest by proceeding with the changes.

With regard to the four tariff rule, we recognise this could be a beneficial step for consumers by allowing suppliers to offer tariffs to specific user groups, and we also recognise that the introduction bespoke tariffs from the Smart rollout could benefit consumers in the future too. However, we have real concerns that a wide proliferation of very similarly structured tariffs could lead to further consumer confusion; highlighted by the State of the Market Assessment in acting as a barrier for consumers when identifying the best offers available¹. We ask that active monitoring or a review is undertaken to ensure the removal of the four tariff rule does not lead to practices that cause confusion for consumers.

Lastly, as these changes are being made with the aim of promoting the consumer and their interests, we hope Ofgem listens clearly to any consumer group that offer views when making any further decisions.

Yours sincerely,

Charlie Davies and Simon Oscroft
Directors of So Energy

¹ 62 per cent of consumers said there were too many tariffs available, with 54 per cent saying they understood the range of tariffs 'not very much' or 'not at all'. Ofgem, OFT and CMA, State of the market assessment, 27 March 2014