

Dennis Berg  
Consumers & Competition  
Ofgem  
107 West Regent Street  
Glasgow  
G2 2BA

Submitted via email to: [dennis.berg@ofgem.gov.uk](mailto:dennis.berg@ofgem.gov.uk)

16 September 2016

Dear Dennis,

**Energy UK response: Statutory Consultations on the removal of certain RMR Simpler Tariff Choices rules**

Energy UK is the main trade association for the energy industry, with over 80 members; representing energy generators and suppliers of all sizes. Our members supply gas and electricity and provide network services to both the domestic and non-domestic market. Energy UK members own over 90% of electricity generation capacity in the UK market and supply 26 million homes and 5 million businesses, contributing over £25 billion to the UK economy each year. The industry employs 619,000 people across the length and breadth of the UK, not just in the South East, contributing £83bn to the economy and paying over £6bn annually in tax.

Energy UK strongly believes in promoting competitive energy markets that produce good outcomes for consumers. In this context, we are committed to working with Government, regulators, consumer groups and our members to develop reforms which enhance consumer trust and effective engagement. At the same time, Energy UK believes in a stable and predictable regulatory regime that fosters innovation, market entry and growth, bringing benefits to consumers and helping provide the certainty that is needed to encourage investment and enhance the competitiveness of the UK economy.

These high-level principles underpin Energy UK's response to Ofgem's statutory consultation on the removal of certain RMR Simpler Tariff Choices rules. This is a high-level industry view; Energy UK's members may hold different views on particular issues.

Overall Energy UK welcomes the publication of the statutory consultation and Ofgem's early moves to take forward the Competition and Markets Authority's (CMA) recommendation to remove the RMR Simpler Choices rules in full, including the proposed consequential amendments not originally considered by the CMA. In addition, Energy UK supports Ofgem's decision to go further than proposed by the CMA and remove SLC 22B in its entirety. We agree with both the CMA and Ofgem that the proposed changes should help to promote effective competition and support innovation.

Energy UK does, however, have a number of specific comments it would like to raise in relation to the amendments proposed by Ofgem. We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

**Energy UK**  
Charles House  
5-11 Regent Street  
London SW1Y 4LR  
T 020 7930 9390  
[www.energy-uk.org.uk](http://www.energy-uk.org.uk)  
t @EnergyUKcomms

## Detailed comments

Clearer Information tools – As stated in the statutory consultation document, Ofgem is consulting separately on the consequential changes required to the RMR's Clearer Information tools (Personal Projection, Tariff Comparison Rate, Cheapest Tariff Messaging and Tariff Information label). Energy UK notes that the consequential amendments proposed in Ofgem's '*Helping consumers make informed choices*' consultation will as a result take Ofgem longer to implement than those proposed in the statutory consultation. Ofgem's approach to implementing the CMA's recommendation will, therefore, create disparities and inconsistencies within the supply licences for a period of time. While we note that Ofgem acknowledged this challenge in its April 2016 letter deprioritising certain of the RMR Simpler Choices rules<sup>1</sup>, there remains a risk that inconsistencies within the supply licence create uncertainty and confusion for suppliers and consumers. With this in mind, Energy UK and its members would encourage Ofgem to clearly communicate any expectations they have of suppliers (including Ofgem's approach to compliance and enforcement) in relation to suppliers' application of the Clearer Information tools for the intervening period.

Guidance – Energy UK welcomes Ofgem's commitment to withdrawing guidance that is no longer relevant and notes that Ofgem is currently in the process of conducting a thorough review of existing guidance. We would, however, encourage Ofgem to prioritise identifying and clarifying/amending any and all items of guidance impacted by the proposals set out in the statutory consultation. Our members have suggested that there may be a number of items of guidance impacted by the proposed changes which have not been highlighted by Ofgem in the consultation. For instance, the removal of the definition of a collective switching scheme (SLC 22B.38) raises questions about the continuing applicability of Ofgem's October 2015 open letter on collective switching.

Derogations – Energy UK and its members request that Ofgem confirms that live derogations currently held by suppliers, and which relate to standard conditions impacted by the proposed amendments set out in the statutory consultation, will no longer be required once the conditions are removed. We assume that derogations which do not relate to standard conditions impacted by the proposed amendments will remain unchanged.

I hope you find our comments helpful, should you require any more information please do not hesitate to contact me directly on 020 7747 2965 or at [daniel.alchin@energy-uk.org.uk](mailto:daniel.alchin@energy-uk.org.uk). Energy UK and our members are always willing to discuss with Ofgem ways in which we can work together for the benefit of consumers and the industry.

Yours sincerely,

Daniel Alchin  
**Head of Retail Policy**

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<sup>1</sup> [https://www.ofgem.gov.uk/system/files/docs/2016/04/supplier\\_letter-removal\\_of\\_simpler\\_rmr\\_rules\\_14.04\\_0.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/04/supplier_letter-removal_of_simpler_rmr_rules_14.04_0.pdf)