

18 November 2016

Statutory consultation on the introduction of SLC 32A: Power to direct suppliers to test consumer engagement measures

Co-operative Energy welcomes the opportunity to respond to this Statutory Consultation.

Background on Co-operative Energy

Co-operative Energy is a domestic GB energy supplier. One of the biggest differences between us and other energy suppliers is that we're a co-operative, which means we're owned and run by our members. Most big energy suppliers are owned by shareholders, so any profit they make goes back to their shareholders, rather than customers. When we make a profit it's our members, and our community who see the benefits, not shareholders.

Our high level view on CMA's Database Order and Ofgem's approach

Co-operative Energy offers qualified support the CMA's Database Order, which Ofgem is seeking to facilitate via the proposed SLC 32A. We agree that some consumers do not actively engage with the energy market and these consumers may benefit from additional prompts to action. It's important to build a solid evidence base for any proposed engagement approaches and tools.

If not undertaken in an appropriate way, these prompts risk further disengagement of already disengaged customers. It could take some time to reengage these customers. Prompts that arouse customer concerns over the privacy of their personal data are likely to have a particularly deleterious impact on consumer engagement. We would hope that any trials should seek to minimise this effect and, where possible, quantify it.

Furthermore, if the remedy is to be successfully implemented, it is vital the handling of customer data is consistent and compliant with the UK's data protection regime. We would welcome a statement from the ICO confirming how any future proposals can meet this requirement.

We think consumers should be made aware they may opt out of the database (and how to do so) at any time. This messaging should be included in **all** correspondence a consumer is sent as a result of their inclusion on the database, including switching



prompts from potential new suppliers or switching sites. Not to do so risks alienating consumers from the database remedy and soliciting negative media coverage.

We think further consideration should be given to obtaining a customer's opt in, rather than opt out consent, for their addition to the database. This reduces the risk of alienating customers, as it ensures only those customers who actually want to be on the database are included.

We hope Ofgem would seek to minimise the implementation cost any future database remedies as these costs ultimately fall on consumers. Consideration, for example, could be given to an expansion of the existing databases (eg TRAS) as this may provide a more efficient delivery vehicle than the creation of an entirely new database. Ofgem could also consider if its remedies will affect smaller independent suppliers differently to larger suppliers. The negative impacts on competition from any differences should be duly considered.

We also note the requirement for suppliers to submit information to populate the database by 1 October 2017. We would welcome as much advance warning of the final data requirements, submission format and submission mechanism as possible. This will help us to effectively manage the significant level of business change already coalescing in Q3 and Q4 2017, most notably resulting from smart and nexus.

We look forward to working with Ofgem to deliver the CMA's objectives.

If you would like to discuss our response in more detail, please don't hesitate to contact me.

Yours sincerely

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