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Making a positive difference
for energy consumers



Enabling consumers to make informed choices

Findings from the 2016 Challenge Panel

Foreword

In 2017, we will sharpen our focus on enabling change, positioning ourselves as agents of innovation and not an obstacle in its path. Our move to principles-based regulation of the retail energy markets is one way we will achieve this.

In 2013, we introduced principles – the Standards of Conduct – to make suppliers responsible for embedding the fair treatment of customers across their businesses. At the end of last year, we held a Challenge Panel to see how suppliers have responded to the Standards, focusing in particular on how they are seeking to enable consumers to make informed choices. We are grateful for the effort many suppliers and Panel members put into this.

It is positive to see that, two years on from our last review, progress has been made. Some suppliers are building the Standards into their way of operating, others have further to go. However, even for those making progress, the pace of change and level of ambition needs to be improved. We want all suppliers to be striving to achieve a consumer-centric culture which compares to the best service providers in the economy. Board-level engagement, ownership and accountability in companies will be essential for achieving this. We want to see that what suppliers say they are doing is achieving the right results.

Last year demonstrated the continuing scale of change in the energy sector. The Panel found evidence that this is resulting in more innovative sales and marketing approaches which may help improve consumer engagement. But in the drive to acquire new customers, suppliers must treat them fairly, in particular those in vulnerable circumstances.

We remain concerned that some suppliers' practices, incentives and products may not result in good consumer outcomes. We expect those suppliers to proactively assure us that they are addressing the weaknesses in their current approach. We will be pursuing improvements in those that do not. We want suppliers to comply with both the spirit and the letter of the regulations and new principles and we will not tolerate unfair treatment of customers.

We are disappointed that so little thought is being given to how to respond to the proposed removal of prescriptive rules on sales and marketing and the proposed new principles on informed choices. This represents an opportunity for suppliers to win customers and rebuild consumer trust. We want suppliers to take courage and have the confidence to innovate within the spirit of the principles.

We also want to ensure all suppliers are clear about our expectations. To help suppliers, we will give feedback to those who attended the Panel. This report contains examples of good practice and where we think there is room for improvement. We encourage all suppliers to read the Panel's findings and to consider seriously where there are further opportunities to embed and accelerate a culture of fairness across every level and every function within their organisation.



Dermot Nolan, chief executive officer

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Executive summary

For the retail energy market to function effectively, consumers need to be able to make informed choices about their energy supply, whether proactively or in response to sales and marketing activity by suppliers. We held a Challenge Panel to see how suppliers are helping to achieve this outcome.

This report sets out the findings of our Challenge Panel about how well suppliers are putting consumers at the heart of their business and enabling them to make informed choices about their energy supply. It sets out our views on suppliers' performance, highlighting good practice and areas for improvement in order to drive and support further culture change. In particular, the report focuses on how suppliers are:

- Embedding the Standards of Conduct and the objective of treating domestic customers fairly in their approach to sales and marketing.
- Considering how Ofgem's proposals for suppliers to ensure that customers are able to make informed choices may shape their future products, policies and processes.

Findings

The main findings from the Panel are outlined below. These highlight areas where we think suppliers could do better. Nevertheless, we did see numerous examples of what could be considered good practice which other suppliers can learn from.

1. **Securing a consumer-centric culture** – There is evidence of progress since we introduced the Standards of Conduct. However, few suppliers demonstrated that they were truly ambitious about creating and maintaining a consumer-centric culture on par with the best service providers elsewhere in the economy.
2. **Supporting consumers in vulnerable circumstances** – Few suppliers have considered adequately how to support consumers in vulnerable circumstances to make informed choices or offered products and services appropriate to their characteristics and preferences.
3. **Using consumer insights to improve performance** – Suppliers are not making enough use of metrics, customer insight and feedback loops to measure progress and drive up service standards in sales and marketing.
4. **Enabling the less engaged to make informed choices** – Some suppliers are trying different sales and marketing approaches, which may help attract new less engaged customers. But there is evidence that this was not always done with sufficient attention to managing the risks associated, particularly for face-to-face sales. Existing customers receive relatively less attention.
5. **Seizing opportunities to innovate and deliver better consumer outcomes** – Few suppliers have considered how they might innovate as a result of the proposed changes to the sales and marketing rules.

Next steps

We will be:

- **Encouraging and supporting suppliers to learn from this report** – This includes providing individual feedback to the suppliers who participated in the Panel. We will arrange further opportunities to discuss the findings with other suppliers.
- **Conducting risk-based supplier engagement** – In light of the Panel findings and the risks to achieving good consumer outcomes, we will be closely monitoring suppliers' sales and marketing activities. Riskier suppliers will receive the greatest levels of scrutiny.

Chapter 1 – Introduction

Context

In August 2013, Ofgem introduced ‘broad principles’ – the Standards of Conduct – into suppliers’ licences. The Standards of Conduct (the Standards) make suppliers responsible for treating domestic and micro-business customers fairly in all their interactions with them. This includes their behaviour towards customers, the provision of information to customers, and their customer service arrangements. These principles aim to improve supplier treatment of consumers and to increase trust and engagement in the energy market.

We have committed, over time, to rely more on principles rather than detailed rules about how energy suppliers should run their businesses.¹ We think this will better protect consumers’ interests by: putting responsibility firmly on suppliers to deliver good consumer outcomes; providing effective protection for consumers in a rapidly changing market; and allowing room for suppliers to compete and innovate. Stakeholders have broadly welcomed these changes.

A key area where we are currently looking to rely more on principles is in relation to domestic suppliers’ sales and marketing activities.² We think this will improve our ability to effectively regulate such activities and drive up standards. The proposed principles would require suppliers to enable domestic consumers to make informed choices about their energy supply in response to marketing from them or their representatives. This applies to all sales and marketing activities, not just those carried out face-to-face or over the phone.

Fair treatment in sales and marketing practices should apply to all customers – new as well as existing. The Competition and Markets Authority (CMA) found that suppliers are not facing enough competitive pressure for customers on standard variable tariffs and as a result some of them are likely to be paying more than they need to for their energy. To address this, Ofgem is working with suppliers to specifically target consumers who have been on default tariffs for more than three years through the disengaged customer database remedy. We are also working with suppliers to establish robust trials to test new measures to prompt consumers to engage in the market, with the intention of increasing the competitive pressure on suppliers.³

The rationale for a Challenge Panel on enabling informed choices

In October 2014 we held our first Challenge Panel to help us understand the progress made by suppliers in treating consumers fairly. The Panel identified that considerably more needed to be done by energy suppliers to ensure consumers are placed right at the heart of their business. Two years on, we held another Challenge Panel to see how suppliers’ approaches have evolved, focusing in particular on how domestic suppliers are seeking to enable consumers to make informed choices.

¹ [The Future of Retail Market Regulation](#)

² (Ofgem 2017) [Statutory Consultation: Enabling consumers to make informed choices](#)

³ (Ofgem 2017) [Decision: Selection criteria for mandatory supplier testing of measures to promote domestic consumer engagement](#) and (Ofgem 2017) [Implementation of Standard Licence Condition 32A: Power to direct suppliers to test consumer engagement measures – decision to make licence modifications](#)

We thought this was an important area to focus on in the context of our proposed changes to suppliers' licence obligations on tariff information and sales and marketing. The removal of certain prescriptive rules and the proposed forthcoming principles on informed choices represent an opportunity for suppliers to innovate and rebuild consumer trust. To avoid undermining this trust, suppliers need to undertake their sales and marketing activities responsibly.

The proposed informed choices principles published alongside this report represent one of Ofgem's first uses of principles in the place of prescriptive rules in the licence.⁴ We want to do what we can to support suppliers to deliver fair treatment and we will be keeping their progress under review. We are also proposing changes to the Standards of Conduct so that they remain fit for purpose as the energy market continues to evolve.⁵

It is in this context that we held our second Challenge Panel to explore how suppliers are:

- Embedding the Standards of Conduct and the objective of treating domestic customers fairly in their approach to sales and marketing activities.
- Considering how our proposals for suppliers to ensure that customers are able to make informed choices may shape their future products, policies and processes.

The Challenge Panel process

In September 2016 we asked suppliers to tell us about their sales and marketing practices and their ideas about how they may help consumers to make informed tariff choices if our proposals are implemented.⁶ From their written submissions, we then shortlisted ten suppliers for interview by the Panel. Our shortlist captured a sample of the market covering a diversity of supplier size, business model and quality of submissions.

The shortlisted suppliers were:

- British Gas
- E.ON
- EDF Energy
- First Utility
- Good Energy
- iSupply Energy
- Npower
- Spark Energy
- Utilita
- Utility Warehouse

The Panel ran over two days – 28 November and 1 December 2016 – and was chaired by Ofgem's Rachel Fletcher, senior partner for Consumers and Competition and Anthony Pygram, partner for consumers and competition. The other Panel members were:

- Christine Farnish, non-executive director, GEMA
- Cathryn Ross, chief executive, Ofwat
- Victoria MacGregor, director of energy, Citizens Advice.

Panel members' biographies are in the appendix.

⁴ (Ofgem 2017) [Statutory Consultation: Enabling consumers to make informed choices](#)

⁵ (Ofgem 2017) [Standards of Conduct for suppliers in the retail energy market](#)

⁶ (Ofgem 2016) [Request for information and Challenge Panel 2016: Enabling consumers to make informed choices](#) and (Ofgem 2017) [Statutory Consultation: Enabling consumers to make informed choices](#)

This report sets out five key findings drawn from the submissions of all suppliers and interviews with the shortlisted suppliers. To illustrate each of these findings, we have cited examples of good practice and areas for improvement.⁷ These observations do not represent guidance. Rather, they are designed to help suppliers learn from each other. We encourage all suppliers to consider these findings and whether there are opportunities to make beneficial changes to the culture and practices of their businesses.

⁷ The examples referred to below are based on the information presented to the Panel as part of suppliers written responses and/or their subsequent interview and have not been checked to see whether the activities described by suppliers accurately reflects what their businesses are delivering in practice. They do not reflect Ofgem or the Authority's view of suppliers' compliance with our regulatory requirements, nor do they have any bearing on current or future investigations. The individual examples should not be taken to indicate our assessment of suppliers' overall performance.

Chapter 2 – Panel findings

Theme 1 – Securing a consumer-centric culture

Key finding – There is evidence of progress since we introduced the Standards of Conduct. However, few suppliers demonstrated they were truly ambitious about creating and maintaining a consumer-centric culture on a par with the best service providers elsewhere in the economy.

Our Panel findings indicate that although there has been progress since the introduction of the Standards of Conduct, there is more energy suppliers could do to put consumers at the heart of their businesses:

- **Ambition** – There were few examples of suppliers seeking to benchmark themselves against the best service providers across all sectors of the economy. We are concerned in particular by the lack of ambition and the slow pace of culture change among the larger suppliers.
- **Leadership** – Medium-sized suppliers in general seemed to have a culture in which treating customers fairly is more intuitive. The Panel observed that they tend to rely more on involving senior leaders in monitoring day-to-day operations to maintain a consumer-centric culture. These suppliers will need to consider how they make this culture sustainable as they grow or if there are changes in leadership.
- **Culture** – Some larger suppliers appear to approach the Standards of Conduct as a compliance exercise rather than a cultural issue. Culture change is about people as much as processes. More needs to be done to incentivise middle management to deliver good consumer outcomes and empower frontline staff. Across all sizes of supplier, more needs to be done to show the impact of their culture change on customers.
- **Commitment** – A few suppliers used their annual Treating Customers Fairly Statements as an opportunity to communicate their intentions to consumers. These Statements included information about why they should be the chosen supplier, their interpretation of fair treatment and firm commitments to service improvements if they had previously fallen short. Other suppliers struggled to articulate to the Panel and to customers what treating customers fairly meant to them in practice.

We do not expect suppliers to always get things right but we do expect issues to be identified and resolved promptly. Suppliers who were candid with us about how they are learning from their experiences added credibility to their accounts of their commitment to treating customers fairly. Suppliers who fail to provide us with sufficient assurances will face closer scrutiny.

Examples of what could constitute good practice

Utility Warehouse's use of benchmarking

Utility Warehouse benchmarks its customer service net promoter score (NPS) against other industries. It currently ranks itself as second in the UK, after Amazon. Comparisons using other metrics would add value to this.

E.ON's culture of fairness

E.ON has developed its own definition of fair, drawing on Ofgem's approach and its own views. It tries to ensure that treating customers fairly flows throughout the organisation, from the strategy, the tone from the CEO and board, through 'accountable persons' (people held to account for ensuring customers are treated fairly), to sales staff. It has 1,200 'customer ambassadors', whose role it is to act as the eyes and ears for customers and challenge colleagues if they see behaviour that does not put customers first. A number of these Ambassadors are in sales roles. All employees are empowered to use a 'rule of thumb' – a simple question they can ask themselves to see whether something felt right and fair, in all their dealings with customers. A bouncy thumb is attached to computer monitors as a visual prompt to reinforce this.

Good Energy's employee engagement

Good Energy uses internal surveys and all-employee meetings to identify issues which may mean it is treating customers unfairly. It has embedded the Standards into its corporate values, using its own language. It evaluates whether potential new recruits also hold these values to help maintain its culture and ethos as it grows.

Npower used its Treating Customers Fairly statement to signify improvements

Npower used its Treating Customers Fairly Statement as an opportunity to be open with its customers. At the beginning, it said what it would be doing to address past customer service failings identified by Ofgem and what it has done differently in the last year to treat customers fairly. It also showcased service improvements it had planned for the following year.

Areas for improvement

Dominance of process over culture

Several suppliers talked about using rigid scripts and standard operating processes. This can restrict frontline staff from using common sense and treating customers fairly, for example when dealing with complaints. Staff should be empowered to diverge from scripts when the situation demands it.

Middle management engagement

One supplier referred to the difficulty of ensuring that the culture set by senior management is pushed down through middle management and embedded across multiple locations.

Theme 2 – Supporting consumers in vulnerable circumstances

Key finding – Few suppliers have considered adequately how to support consumers in vulnerable circumstances to make informed choices or offered products and services appropriate to their characteristics and preferences.

Suppliers could do more to help consumers in vulnerable circumstances make informed choices about products and services:

- **Culture** – The Panel were concerned that very few suppliers seemed to be taking special steps to ensure that customers in vulnerable circumstances choose a tariff and payment type appropriate to their characteristics and preferences. This risks treating these customers unfairly and is a missed opportunity to help build trust. A cultural shift is needed to ensure that customers in vulnerable circumstances are treated fairly.
- **Tailoring** – There are a few notable examples of medium-sized suppliers with business models geared towards providing tailored products and services to customers who are more likely to be in vulnerable circumstances (eg prepayment meter customers and social housing tenants). This is positive.
- **Channels** – Suppliers need to give further consideration to how appropriate specific sales channels are to different customer groups. For example, online engagement with customers can make it harder to identify vulnerability. And face-to-face sales can be harder to quality assure. Suppliers need to offer appropriate support regardless of what sales channel is used.
- **Misselling** – The risk of harm from misselling is typically higher for customers in vulnerable circumstances. The Panel identified some practices that gave them cause for concern. Suppliers should take extra care to ensure that their sales and marketing activities are delivering good consumer outcomes for consumers in vulnerable circumstances.

Ofgem expects suppliers to have in place robust processes to identify and support customers in vulnerable circumstances, and to make sure they review and keep them up-to-date and fit for purpose.

Examples of what could constitute good practice

E.ON's tailoring of products for vulnerable customers

To help customers in debt, E.ON developed a smart 'pay as you go' product. This includes a greater value of emergency credit (£30) and caters for seasonal variation, for example, by allowing customers to swap credit from electricity to gas. It sought customer feedback during the development and rollout of this product.

iSupply Energy's work with partner organisations

To help it better identify vulnerability and signpost appropriately, iSupply Energy has worked with Citizens Advice Scotland and the Samaritans to identify training opportunities for its employees.

Spark Energy's tailored billing arrangements

Spark Energy recognises the high turnover in its target market: renters. As a result, its standard approach is to bill customers monthly. Although this may primarily be a way to protect revenue, it also has the potential to help customers who are financially vulnerable to budget better if they are not on a prepayment meter.

Areas for improvement

Engaging customers on standard variable tariffs

A number of suppliers only have proactive discussions about cheaper tariff options with customers after they are in debt. Earlier intervention with customers, particularly those in vulnerable circumstances, could help prevent this debt. Revenue control should not be the only driver for supporting customers to make informed choices.

Understanding the appropriateness of online sales

A number of suppliers either use or rely exclusively on online sales and marketing. These suppliers were unable to provide evidence of testing this engagement channel with customers who are in vulnerable circumstances. Suppliers should ensure their sales and marketing approach works for customers who may be in vulnerable circumstances.

Theme 3 – Using consumer insight to improve performance

Key finding – Suppliers are not making enough use of metrics, customer insight and feedback loops to measure progress and drive up service standards in sales and marketing.

Suppliers need to be more systematic in how they use customer insight:

- **Customer insight** – In general, larger suppliers tended to be more sophisticated in their use of customer insight than medium-sized suppliers. Suppliers stated they used a range of standard insight techniques. Examples included: surveys; trials of tariffs; consumer panels; and root cause analysis of complaints to identify where service improvements could be made.
- **Metrics** – Suppliers generally did not make sufficient effort to determine whether they are achieving the right outcomes for their customers. Few suppliers reported using metrics to understand if customers felt they were being treated fairly (eg checking customers understand the product they choose, higher trust levels, complaints avoidance as well as resolution). Instead, many focused primarily on net promoter scores (NPS). It was difficult to find evidence of linking performance against these metrics to staff objectives or rewards.
- **Feedback loops** – The Panel felt that suppliers aren't making systematic use of their customer insights and metrics to inform their development of new products, services, policies and procedures. Few suppliers were able to give examples of how customer feedback had informed their decision-making.

Ofgem expects all suppliers to be able to show that their approach results in the fair treatment of customers. An organisation-wide understanding of consumer experiences is needed to drive service improvements. The lack of progress in this area since the last Challenge Panel in 2014 is a particular concern to us.

Examples of what could constitute good practice

British Gas' use of customer insight to inform product design

British Gas' HomeEnergy FreeTime (HEFT) was the first mass-market smart tariff of its kind. It was the result of over three years of testing and research. This included four live product tests involving over 3,000 customers and involved behavioural analysis (tracking changes in patterns of consumption), multiple qualitative studies and detailed monitoring of customer journeys (tracking the journey from sign up to smart meter installation and tariff change). These trials led to the creation of a new customer journey that allowed customers to book a smart meter installation at the point of sale or tariff change.

Good Energy's structured approach to capturing insights

Good Energy used customer insight to design a new product. It also routinely captures customer insights through cancellation rates and complaints, in particular those relating to its sales and marketing activities. It also runs a 'Customer hot topics' cross-departmental working group to pool existing knowledge of customer issues arising across the organisation every five weeks. It uses this to identify if action is already being taken on the insights identified and if support or extra resource is needed.

Utilita harnessing social media

Utilita uses social media both to capture customer feedback and to educate and inform its customers in light of customer queries. For example they post videos on how to top up a meter and give energy-saving tips on Facebook.

Areas for improvement

Lack of customer insight

One supplier has no customer satisfaction surveys currently in place. Customer feedback is currently only received through a customer review website, and even then is only initiated by the customer and not proactively sought by the supplier. Key performance metrics have yet to be developed.

Ad hoc approach

The use of customer insights is a new area for one supplier in spite of being in the market over 10 years. Although it has run a few surveys on specific issues and occasional pieces of research, it admits the overall picture is not complete as it does not have a systematic approach to capturing and using customer insights. We are pleased to note that this supplier is moving to a more structured approach (eg use of text messaging, complaints data, mystery shopping). We are keen to see this includes the use of metrics to track whether good consumer outcomes are being delivered.

Theme 4 – Enabling the less engaged to make informed choices

Key finding – Some suppliers are trying different sales and marketing approaches, which may help attract new less engaged customers. But there is evidence that this was not always done with sufficient attention to managing the risks associated, particularly for face-to-face sales. Existing customers receive relatively less attention.

Through innovating in their sales and marketing practices, suppliers have an opportunity to deliver better consumer outcomes. But this can only be achieved if suppliers are more proactive about minimising the risk of consumer harm and engaging with existing customers:

- **Channels** – Suppliers are using a range of different sales channels. There is a growing interest in face-to-face selling, with its potential to reach the less engaged. It is important that, regardless of channel, consumers can make informed choices. The Panel was concerned that, in general, suppliers hadn't considered this enough. Web content is easier to control than outbound sales calls, but selling face-to-face and through price comparison websites demands more robust quality assurance measures and strong customer service incentives.
- **Incentives** – The Panel was particularly concerned about how some suppliers are incentivising their sales forces, as it seems to run counter to instilling a culture that leads to the fair treatment of consumers. This echoes the point we made at our 2014 enforcement conference.⁸ Using financial rewards for the number of sales is particularly concerning for face-to-face sales, where suppliers only have limited ability to quality-assure how a sale is conducted. While the use of financial rewards linked to the quality of sales is constructive, we are concerned that combining these with sales incentives based on quantity may undermine their value.
- **Complexity** – The Panel was also keen to see suppliers give particular attention to supporting customers to make informed choices when offering more complicated products. This is relevant to signing up as well as when switching away from the supplier. For example, bundled services (eg other utilities, communications and insurance products and energy efficiency measures) and some customer discount schemes.
- **Loyalty** – The Panel found that very few suppliers had thought about the challenge of helping existing consumers make informed choices. Most suppliers seemed focused on attracting new customers, rather than retaining existing ones. We are concerned that there are a large proportion of customers who have been on default tariffs for a long time, and that this is not an informed choice.⁹ As a result, these consumers may be paying more than they would if they had actively chosen. Suppliers need to work harder to reward the loyalty of existing customers.

⁸ (Ofgem 2015) [Ofgem Enforcement Conference 2014](#)

⁹ (Ofgem 2016) [Energy plans: What is a 'standard variable' rate tariff and how does it compare?](#)

We invite suppliers involved in or considering using face-to-face sales or offering complex products to proactively assure us that they have thought about how to mitigate the risk of consumer harm. We also encourage suppliers to focus more on supporting existing customers to make informed choices, including through conducting robust trials of measures which encourage customer engagement.

Areas for improvement

Use of commission

One supplier's face-to-face sales agents are all self-employed and are remunerated solely on their sales commission. A 20-minute telephone call occurs with a non-commissioned agent while the original agent remains with the customer. The supplier states that during this call the customer gets a quote, a full market comparison and the non-commissioned agent checks the customer has received all the necessary information and is happy to proceed. The supplier claws back commission if the sale is not completed. We think this process makes it difficult for the customer to express any concerns about misselling. It is also difficult to see how the current use of financial incentives will drive a consumer-centric culture.

Problematic partnerships with price comparison websites

One supplier referred to ongoing difficulties in their work with a price comparison website partner. Its partner was consistently delivering lower quality of sales than its own staff. This supplier is undertaking more work with its price comparison partner to understand their current quality assurance practices and to support improvements.

Oversight of sales agents

One supplier received a complaint from Citizens Advice about misselling to a consumer in vulnerable circumstances. It paused all face-to-face selling and subsequently identified that, although partnered with a more experienced 'buddy', new agents were being permitted to sell to customers prior to completing their training. It is positive that the supplier has learned that its hands-off approach to the quality control of agents was inappropriate and has stopped this. However, ideally they would have anticipated the need to have sales agents fully trained before carrying out face-to-face sales.

Limited engagement of disengaged customers on standard variable tariffs

One supplier failed to proactively contact its customers to tell them about a recent collective switching offer that may have been more appropriate to them than their current deal. Instead, the onus was on the customer to be informed and to contact the supplier. Some of its customers had been on standard variable tariff for a long time.

Theme 5 – Seizing opportunities to innovate and deliver better consumer outcomes

Key finding – Few suppliers have considered how they might innovate as a result of the proposed changes to the sales and marketing rules.

Our proposed changes to licence obligations will enable suppliers to tailor their sales and marketing activities to customers’ characteristics and preferences and to adapt to a rapidly changing market. We urge suppliers to seize this opportunity to win customers and rebuild trust:

- **Opportunities** – The proposed removal of detailed rules on sales and marketing in favour of a set of principles¹⁰ is designed to provide an opportunity for suppliers to innovate to deliver better consumer outcomes. Disappointingly, suppliers’ submissions and discussions with the Panel gave the impression that few had thought hard about how to make the most of this opportunity. Only a handful of suppliers are considering and trialling innovative new products and few seemed to have fully considered our informed choices policy proposals including the opportunities and challenges for them. This is especially disappointing since suppliers were robust in their calls for these changes.¹¹
- **Challenges** – It was difficult to identify any supplier that had fully considered the risks and required mitigations of these proposed changes, even among those who were considering the opportunities available to them. The Panel identified some particular challenges that suppliers will need to address should the proposed amendments be implemented:
 - Ensuring comparability of their own portfolio of tariffs
 - Helping consumers make informed choices if there are more complicated tariff offerings such as bundled services
 - Considering the value of all sales channels, not just digital.

Ofgem’s move to greater reliance on regulating through principles will provide suppliers with more opportunities to innovate. Suppliers need to rise to the challenge of doing this in a way that delivers good consumer outcomes.

¹⁰ Ofgem published [Modification of electricity and gas supply licences to remove certain RMR Simpler Tariff Choices rules](#) in September 2016. This sets out our decision to remove certain Retail Market Review (RMR) Simpler Tariff Choices rules. These changes came into effect on 28 November 2016. In August 2016 we also published a policy consultation on [Helping consumers make informed choices- proposed changes to rules around tariff comparability and marketing](#). The [statutory consultation on informed choices principles](#) is published alongside this report.

¹¹ Suppliers presented evidence to the Competition and Market’s Authority (CMA 2014-16) [energy market investigation](#)

Examples of what could constitute good practice

E.ON's new sign-off approach to tariffs

In readiness for new tariffs, E.ON has developed a tariff decision form which requires its staff to make clear the type of customer that the product is aimed at, the benefits, and potential risks and proposed mitigation. Proposals which don't give full consideration to these issues are not signed off.

Areas for improvement

Limited consideration of different channels

One supplier referred to the difficulties of achieving consistency when informing customers about more complex products and in presenting all of the options available when there are lots of them. This was perceived to be easier to achieve through its website rather than through dialogue with customers. However, this may not always be the case. Suppliers need to consider how they will need to adapt their approach to communicating the tariffs as well as creating innovative tariffs.

Limited transparency on bundling costs

One supplier tries to ensure that customers are aware of the costs of different elements of a bundle as part of the sign-up process. This can be done online or over the phone, but processing this volume of information over the phone is difficult. Again, more thinking is required of suppliers if customers are to be able to make informed choices as tariffs become more complex.

Panel member biographies

Christine Farnish, non-executive director, GEMA (Panel Member)

Christine is a non-executive member of the Gas and Electricity Markets Authority (GEMA). Christine has a range of regulatory, consumer and financial services experience. She currently serves as a non-executive director on the Ofwat and ABTA Boards and chairs the P2PFA, the body representing peer to peer lending platforms. She previously served as chairman of Consumer Focus, consumer director at Ofcom and the Financial Services Authority, CEO of the National Association of Pension Funds and a Managing Director at Barclays. She has been a non-executive director on the OFT, Advertising Standards Authority and ING Direct Boards and she was a Civil Service Commissioner.

Christine graduated from Manchester University and has an M.Sc in Conservation from UCL.

Rachel Fletcher, senior partner, consumers and competition, Ofgem (Panel Chair)

Rachel joined Ofgem in 2005 to head up the retail market team. She was appointed director of distribution in January 2008 where she led the fifth electricity distribution price control review, introduced the low carbon network fund and set up the smart grid forum.

She moved to the markets division in 2012 where, among other tasks, she led the work on the October 2012 retail market review (RMR) proposals, the liquidity project and the teams responsible for designing and implementing the European network codes on market design. She was senior partner for the markets division for two years before becoming senior partner for consumers and competition in January 2016. She became an executive member of GEMA on 1 February 2016.

Prior to joining Ofgem, Rachel spent 12 years working as a consultant advising on energy strategy and policy in Europe, Africa and Latin America.

Anthony Pygram, partner, consumers and competition (Panel Chair)

Anthony Pygram is partner for consumers and competition at Ofgem and is responsible for how domestic (including vulnerable) and business consumers interact with suppliers and third-party intermediaries. He took up this role in July 2016. He joined Ofgem as associate partner for enforcement and competition policy in 2011, becoming partner in the same area in 2013. During this time he led the delivery of a large portfolio of investigations while overseeing a significant change management programme for the enforcement function. From July to December 2015, Anthony also headed up Ofgem's sustainable development division.

Before joining Ofgem, Anthony was an inquiry director at the Competition Commission, leading, among other things, investigations into payment protection insurance and whether BAA should be required to sell Stansted Airport. Anthony's early career was in research and development of industrial materials.

Cathryn Ross, chief executive, Ofwat (Panel Member)

Cathryn is the chief executive of Ofwat, the independent economic regulator for the water and waste water sector in England and Wales. She is responsible for ensuring that Ofwat holds a £120 billion industry to account in delivering against the expectations of customers, wider society and the environment. She has seen through the delivery of a new strategy for Ofwat, focused on a vision for the sector of trust and confidence in water and waste water services. This involves a new model of regulation, to better help the sector deal with the challenges of the future. This model gives the sector greater flexibility, including through use of markets, but also requires it to provide information and assurance about its performance and resilience.

Cathryn is an experienced regulatory and competition economist and has worked across a number of different sectors advising on economic, regulatory and competition issues. Previously, Cathryn was executive director of markets and economics at the Office of Rail Regulation (ORR). She was executive director of markets and economics at Ofwat between 2008 and 2011. She also served with the Competition Commission (now Competition and Markets Authority), and has worked in economic consultancy.

Victoria MacGregor, director of energy, Citizens Advice (Panel Member)

Victoria MacGregor joined Citizens Advice as the director of energy in July 2016. She was previously chief officer of Citizens Advice Dacorum, in Hertfordshire, responsible for all aspects of running the charity and leading its team of staff and volunteers. Prior to this, Victoria spent 12 years at EDF Energy, where, as head of public affairs, she developed and led the energy company's political engagement and influencing work. Victoria has also worked in advertising and marketing and is currently a non-executive director of Smart Energy GB.