



## By Email

Caroline Ainslie  
Senior Manager  
Consumers and Competition  
[Confidencecode@ofgem.gov.uk](mailto:Confidencecode@ofgem.gov.uk)

Name Alan Hannaway  
Phone 07827-978290  
E-Mail [alan.hannaway@npower.com](mailto:alan.hannaway@npower.com)

28 September 2016

## Confidence Code Review 2016

Dear Caroline,

This letter is a response to the above document, published 3 August 2016, and is sent on behalf of the gas and electricity supply licensees within Npower Group PLC.

It is important to state at the outset our wholehearted support for the recommendations and remedies proposed by the CMA to facilitate wider choice and greater engagement by customers within a more flexible regulatory framework. This is true of the CMA's firm recommendation that Ofgem remove the Whole of Market (WoM) requirement from the Confidence Code, allied to the need for accredited comparison sites to be absolutely transparent on the extent of their market coverage via any filter.

In this context we do not agree that an intermediate step is required in making the necessary changes to the Confidence Code because the sooner it is done the sooner the perceived benefits of greater engagement and switching will be realised. If Ofgem are concerned about the risks of reversing the changes previously made to the Code in 2015, then these should be mitigated at the outset, including testing as soon as possible the clarity, transparency and robustness of what customers see explaining the nature of any partial view and what they can do to see a WoM view, etc.

The suggested approach talks about delivering significant benefits to customers quickly at the same time as considering the mitigation of risks and uncertainties involved in the remedy. However, presumably Ofgem and others had the chance as part of the CMA exercise to raise and explore such issues and now we should all move on and implement what's been clearly recommended, managing any areas of concern within that process.

A primary concern appears to be Ofgem's ability to audit different sites in the absence of them having to hold tariffs to support a WoM view, but shouldn't any audit be focused on the transparency, completeness and accuracy of the processes, methodology and information to deliver results to customers. Customers will also have the backstop of the Citizens Advice portal, to have a full view of all the tariffs available in the market.

npower  
Oak House  
Bridgwater Road  
Worcester  
WR4 9FP

T 07827 978290

Registered office:  
Npower Group plc  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 8241182

On changes to the Confidence Code to reflect Ofgem's wider commitment to permit flexibility in the calculation of the Personal Projection (provided relevant parties are internally consistent in how they go about it) your proposals are a little confusing. Here again the reliance is on reverting to a pre-2015 version of the Confidence Code and factors that a 'Service Provider' should and should not include when deriving the estimated annual costs of a customer.

However, these Confidence Code factors concentrate on discounts or offers that should or shouldn't be part of the calculation. They do not reference other key elements of the calculation such as the consumption used, seasonality, approach to be taken where fixed terms contracts have less than 12 months to run (flat rate or pro rate). The treatment of Personal Projection within the Confidence Code should mirror the outcome of the consultation on "Helping consumers make informed choices....." and not carve out a different approach here to that for suppliers`.

In summary we don't believe there should be a lag or intermediate step in giving effect to the CMA's recommendation. However, it should be done in a way that ensures customers clearly understand what they are looking at when they are using and looking to switch through a Price Comparison Website.

We should try to avoid any uncertainty in the regulatory framework that a staged approach, and lag behind other changes, might bring. We also want to avert any inconsistency within that regulatory framework, for example, in how rules around the Personal Projection are applied to suppliers and other parties such as brokers and other examples where this exercise does not align to other changes you are currently pursuing.

In line with the views above we agree with your position on "Other Initiatives" set down in Section 4 of the document, that their progress is monitored for any future potential impact on these requirements, but should not hold up the delivery of the change recommended by the CMA.

We look forward to providing further comments in the near future as this consultation exercise evolves.

Yours sincerely,

**Alan Hannaway**  
**Regulation**