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Sent by email only

OVO Energy response to Ofgem's Consultation on Default Tariffs for Domestic Consumers at the End of Fixed-term Contracts

Dear Barry,

OVO Energy would like to thank you for the opportunity to respond to this consultation. We are very supportive of Ofgem's continuing efforts to improve the market for consumers, and to allow for innovation and greater competition.

We agree that the necessary consumer protections can, in the most part, be achieved through the introduction of this proposal and we believe that this proposal should give suppliers the flexibility to do the best for their customers and produce positive outcomes at the end of a fixed term contract. That said, we do have some specific concerns which are:

- We believe that it is possible that customers who actively engage in refixing may be worse off than those who do not. For example, a customer choosing a fixed tariff may have to agree to exit fees whereas a disengaged customer might roll onto the same tariff without these being applicable. We also recognise, however, that this will depend on different suppliers' approaches, as the rates of the different fixed tariffs might also themselves be different and compensate for this issue.
- We do not agree with Ofgem's conclusion that waiving termination fees, instead of them being prohibited, could lead to weaker consumer protections and we are concerned that, given the application of this is optional, this might deter suppliers from opting to apply this and therefore consumers will continue to roll on to, what Ofgem describes as, "poor value" standard variable tariffs (SVT).
- We believe that, given this is another initiative that impacts Cheaper Tariff Messaging (CTM), Ofgem must expedite a thorough review of the CTM rules to ensure that they remain fit for purpose.

- In reference to the point made around an opt-out approach being unsuitable due to previous practices, we wonder whether these concerns are still valid given that all suppliers are required to adhere to the Standards of Conduct.

More fundamentally, however, we do not believe that the proposals Ofgem has put forward in this consultation go far enough to protect disengaged consumers from “poor value” SVTs. We recognise that this is one of a number of ‘related initiatives’ but we also notice that a potential cap on SVTs is not a measure listed here as under consideration. We would like to see Ofgem taking more action to protect consumers that roll on to SVTs, particularly given the proposals here are entirely optional. There is therefore still the risk that suppliers do not opt to roll their customers on to anything other than their SVT.

Finally, in terms of your request for more general feedback, we feel that:

- The presentation of Ofgem’s view of the related initiatives was particularly useful because it enabled us to consider this proposal in the context of the wider regulatory reform.
- The consultation was easy to read and understand. We found the clear statements within the Overview and Executive Summary of the changes and benefits Ofgem wishes to see was very useful.

If you would like to discuss any of the points raised in our response, please do not hesitate to contact us at policy@ovoenergy.com.

Kind regards,



Caroline Bradford
Head of Regulation and Compliance