



*(by email)*

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Dear Barry,

**Statutory Consultation: Default tariffs for domestic consumers at the end of fixed term contracts**

Thank you for providing SSE with the opportunity to comment on Ofgem's proposals for domestic consumers at the end of fixed term contracts. I am pleased to enclose our response. SSE continues to believe that evergreen (or standard variable) tariffs play an important role in the market, providing flexibility for customers. However, we also believe that where customers have already chosen a fixed price or fixed term tariff it is appropriate to be able to renew onto a customer on to further fixed term products at the end of their contract. While SSE works to ensure that all its tariffs provide good value for money, we welcome Ofgem's proposals for improving end of contract arrangements for customers.

SSE is supportive and agrees with Ofgem's view that consumers must remain protected if they do not make an active choice. In our previous response to Ofgem on this subject we raised a number of initial concerns, particularly in relation to the lack of consultation on this policy proposal. We are naturally pleased to note that Ofgem has issued a statutory consultation outlining further thoughts and considerations. We are also pleased to note Ofgem's position not to compel suppliers to provide a roll-over fixed-term tariff<sup>1</sup>. It is appropriate for suppliers to determine their own approach in this regard.

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<sup>1</sup> Consultation Document – Paragraph 2.32



We also note that Ofgem has addressed previous concerns regarding the assumption that a customer's sole approach to selecting a tariff is based on price alone. The introduction of a principle aimed at ensuring the further contract is similar in nature to the customer's current contract will allow suppliers flexibility to meet a particular customer's characteristics and preferences, which may not necessarily be focussed solely on price. It should be entirely left to an individual supplier's discretion, based on for example the availability of tariffs, as to whether existing customers are rolled on to another fixed term contract with no exit penalties, bearing in mind obligations to treat customers fairly.

In addition to the above, we ask Ofgem to recognise that being automatically rolled over onto another fixed-term tariff may have implications for the way in which engagement is measured or the interpretation that is placed on certain statistics. It may be rational for engaged customers, if they know they will be saving money without having to take measurable actions to take a conscious decision to allow the roll over process to run without active intervention on their part. It is important that this is understood by Ofgem and reflected in any market monitoring as well as in Ofgem's further consideration of treatment of customers within a Disengaged Customer Database.

Please do not hesitate to get in touch should you wish to discuss any aspect of this response in more detail.

Kind regards

Steven Findlay  
**Regulation**