



Ofgem statutory consultation for a vulnerable customer safeguard tariff: Response by Bulb

November 2017

As the colder months approach, it is vital that we do everything we can to ensure that people can afford to heat their homes, and are not charged unfair and extortionate rates simply to keep warm. Bulb therefore fully agrees with the proposal to introduce a safeguard tariff for vulnerable people. As it is already getting colder at the time of this consultation, we also concur that action should be taken as soon as possible.

In order to do this, it is clear that no time can be wasted on a long process to bring in new measures. The industry has to work on the basis of information that is currently held by suppliers, which is why we believe Ofgem is right to require the safeguard tariff to apply to households receiving the Warm Home Discount. Suppliers already know today who these households are, and can therefore apply the safeguard tariff to them without delay.

However, we are aware of Ofgem's point that the Warm Home Discount is paid by electricity suppliers, and that therefore there is a risk of single fuel gas customers not being covered by the safeguard tariff for gas, as the supplier will not hold information about their eligibility for the Warm Home Discount. Ofgem's estimate that this applies to around 100,000 consumers is no small number, and we think that, going forward, Ofgem should look into how information can be shared between suppliers about whether these households are eligible for the Warm Home Discount. In the meantime, we agree that those suppliers with a large number of single fuel gas customers should pay particular attention to their treatment of these customers this winter.

We commend Ofgem's sense of urgency to bring in these measures quickly. However, we believe that while people should be protected as soon as possible, the process of identifying vulnerable households in need of safeguarding should not stop there. We agree with Ofgem that the Warm Home Discount is only one indicator of vulnerability, and that many other households will be left outside of the scope of these measures. Therefore, we believe that after an initial safeguard tariff is brought in, Ofgem should take action to identify how suppliers can gain information about the receipt of income-related and disability-related Government benefits by customers, to identify further households that should be protected by the safeguard tariff. Furthermore, Ofgem should consult with industry stakeholders about what other indicators of vulnerability may be, and how information on these indicators could be gathered, accessed or shared by suppliers.



Ofgem's proposals are a step in the right direction, and will deliver a direct benefit to vulnerable people this winter. Still, the need for a safeguard tariff is symptomatic of the wider problems that exist in Britain's energy market today. In the short-term, eligible customers saving an average of £110 per year through the safeguard tariff is a positive result. However, the ultimate aim must be for the industry to ensure that nobody is left behind on extortionate and ever-changing tariffs that are hard to understand. Bulb is already over £250 cheaper than the average SVT charged by the Big Six today - while supplying 100 percent renewable electricity. We are the best example that it is possible for suppliers to have cheaper tariffs through operating efficiently - if we can do it, why can't others?

Families struggling to heat their homes in winter is a tragedy, and completely unnecessary in 21st century Britain. We commend Ofgem's proposals, and encourage regulators and suppliers to go further to ensure adequate protection for every vulnerable household in the country.