

To: Rachel Fletcher
Via: vulnerability@ofgem.gov.uk

13th November 2017

Dear Rachel,

Response to Statutory Consultation for a Vulnerable Customer Safeguard Tariff

Background

Octopus Energy is a growing challenger energy supplier that supplies gas and electricity to domestic homes and businesses in Great Britain. Our largest investor is the Octopus Investments Group, who over the last decade has become the third largest investor into UK renewable generation, and the largest in solar generation.

We believe:

- That the consumer should be given clearer communication about pricing over a longer period: so that they can choose a tariff that is good for them over the long term, not just the fixed term.
- That long-term good pricing and service can be enabled by some of the same approaches as the eCommerce sector – in the same way that Amazon and budget airlines have done in other sectors.
- That the barriers to switching due to the slow and complex nature of the switch process should be systematically eliminated to make switching quicker and easier (as online shopping and services have provided in other sectors)
- That customer service should be measured by how happy customers are with the service they receive, not a set of defined metrics which often fail to recognise what really matters to consumers

Response to the Statutory Consultation

This response repeats the points that we have made in the bilateral and roundtable engagements on this Vulnerable Customer Safeguard tariff:

- We would share the view that this market is not working for all consumers and that the detriment for those consumers on default tariffs is too wide. We therefore support and applaud the ongoing work on engagement and competitiveness.
- Our reflection on the intervention on the prepayment price cap is that this has been a successful intervention and has worked for all customers in the market with pre-payment meters.
- We do believe that the need to specifically protect vulnerable customers reflects the breakdown in the overall energy supply market dynamics. We cannot think of a single other marketplace where there is a need to address pricing for one group – this does not happen in supermarkets, with the payday loans or betting protections, nor the alcohol price floor in Scotland (also proposed for England and Wales). Each of these pricing interventions address the issue in the market for all customers – and is why we prefer the solution of the relative price cap for all consumers in the energy market.
- That said, given the specific focus on vulnerable customers – we understand the practicality of the approach in this statutory consultation in terms of the setting of the tariff, the eligibility, the application and the timings. We do not have any additional comments, other than to hope that it is extended to the broad group within WHD.
- We should note at this point that we believe that the level of Octopus Energy tariffs would already fall below the cap.



Octopus Energy
20-24 Broadwick St,
London, W1F 8HT
w: octopus.energy
e: hello@octopus.energy
p: 0330 808 1080
f: 084 3558 9972

We are happy for this response to be published in full and to respond to any follow-up questions that may come out of this response.

Yours Sincerely

Greg Jackson
CEO and Founder, Octopus Energy