

Working paper #2: market basket

Ofgem working paper

A Response by Utility Warehouse

This document sets out the views of Utility Warehouse regarding the Ofgem Working paper #2: market basket published by Ofgem on 28 March 2018.

Utility Warehouse is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets. Customers benefit from the convenience of a single monthly statement, consistently good value across all their utilities and exceptional levels of customer service. Utility Warehouse does not advertise, relying instead on 'word of mouth' recommendation by existing satisfied customers and distributors in order to grow its market share.

We take our responsibilities as an energy provider very seriously and make every effort to ensure we provide such essential services to our customers with the utmost integrity; the customer is at the heart of our business model and the way in which we operate. Customer value is the cornerstone of the success we have had and continue to achieve.

We agree with Ofgem and do not consider the market basket to be a suitable way of setting the initial benchmark. As we outlined previously in our response to the Ofgem consultation "Providing financial protection to more vulnerable consumers" published by Ofgem on 20 December 2017, and as is discussed in the working paper, there are a series of fundamental design challenges which we believe would lead to a distorted benchmark being set.

If Ofgem believes it is unlikely that the market basket would meet its objectives for setting the initial benchmark, we do not see the value in further considering using the approach as an index to update the level of the cap over time, given the same design challenges would exist.