



Fiona Cochrane-Williams & Barry Coughlan

Consumers and Competition

Ofgem,

10 South Colonnade

Canary Wharf

London

E14 4PU

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Dear Fiona & Barry,

Domestic supplier-customer communications rulebook reforms

Thank you for the invitation to respond to the above consultation. Bristol Energy is an independent supplier of electricity and gas with a business model that has a regional focus on the South West of England, although we supply customers across Great Britain. We have a mission to fight fuel poverty and be a force for social good.

Executive Summary

We warmly welcome Ofgem's much awaited proposals to remove prescription from the regulatory framework pertaining to customer communications. We strongly believe the move to a principles-based environment is in the best interest of consumers as it allows suppliers to innovate and differentiate according to the characteristics and needs of their customers.

However, the proposals appear somewhat cautious in a number of aspects, with Ofgem seemingly wishing to maintain prescription where certain existing requirements are considered to be of significant importance. We do not think this is necessary, and suggest that Ofgem takes more confidence in its proposals by recognising that the areas it proposes to retain prescription for are already adequately covered by the proposed principles. To enable this, Ofgem should review again the prescription it proposes to retain and ask whether the information prescribed could be excluded by a supplier whilst adhering to the Standards of Conduct and the proposed narrow principles. If not, then the prescription is not needed.

We have provided responses to the consultation questions below.



Question 1: Do you agree in general with our proposed reforms to the rules related to supplier-customer communications?

We welcome Ofgem's proposals to move customer communications towards a more principles-based approach and remove unnecessary prescription that has proven to deliver no real benefits to consumers. We agree that the current "one size fits all" approach to communications – being the main consequence of the current regulatory environment – has failed to recognise the diversity of customers, especially in terms of the level of their engagement with their energy supply.

The move away from prescription will allow suppliers to design more meaningful and informative communications that can be better tailored to support customers in engaging with the market. To this end, we particularly welcome Ofgem's recognition that a customer's characteristics, preferences and ability to engage with their energy supply need to be taken into account when communicating with that individual. The removal of timing prescriptions and their replacement with a requirement for suppliers to determine when certain information is needed is also a much welcome move as it creates a more dynamic environment for suppliers to communicate with their customers based on their specific needs.

We also support the shift to an environment where suppliers are actively encouraged to innovate and differentiate. The existing regulatory framework has served to stifle competition by placing a misguided emphasis on price and price alone, resulting in certain suppliers significantly compromising customer service levels and disregarding the wider compliance agenda to keep costs down. Recent cases in the energy market have gone some way in proving that this can only cause customer detriment. Ofgem's proposals to move to a more principles-based environment will create an additional incentive for suppliers to compete on more than price alone and capitalise on innovative, customer-focused service propositions that support and engage them in other ways beyond price competitiveness.

Question 2: Do you think our proposals make appropriate use of principles and remove the right amount of prescription? Have we gone too far, or not far enough in removing prescription to enable suppliers to innovate?

We welcome the removal of specific areas of prescription relating to customer communications and see Ofgem's proposals as a significant move in the right direction.

We support the use of the existing Standards of Conduct as the overarching Broad principle, as these set a suitable framework of expectations for the relationship between suppliers and their customers. However, there is, in our view, some duplication between the key objectives underpinning these Standards and the newly proposed narrow principles, particularly those relating to Bills and Contract changes. Ultimately, a situation where customers were unable to understand and manage their bills or to make informed decisions regarding changes to their contracts would only occur if suppliers were in breach of the Standards, or indeed of the Informed Choices principle. We would encourage Ofgem to review again the prescription it



proposes to retain and ask whether the information prescribed could be excluded by a supplier whilst adhering to the Standards and the other proposed principles. If not, then the prescription is not needed.

Question 3: Do you think there are any areas of particular risk to Vulnerable Consumers that are not already addressed in this consultation and/or by the vulnerability principle in the Standards of Conduct?

We believe the issue of vulnerability is appropriately covered by the proposed framework. Customers in vulnerable situations have a diverse set of needs, and placing the onus on suppliers to deliver to them rather than comply with prescription that may be inappropriate to their needs should be welcomed. The most obvious example is that customers who struggle with complex information become disengaged with the current prescribed content of bills and SLC 23 notices.

Moreover, mission-led suppliers will be better placed to support their customers by being able to better communicate about added value services that vulnerable groups could benefit from. The existing highly prescribed communications have, to date, limited suppliers in this sense, whereas the newly proposed rulebook creates a more suitable environment for differentiation whilst ensuring the appropriate safeguards remain in place to protect customers, especially those in vulnerable circumstances.

Question 4: Do you support our proposed changes to the rules regarding the (i) content, (ii) format, layout and wording, and (iii) frequency and timing of communications? If not, why not?

As explained above (see Questions 1 and 2), we welcome these changes and encourage Ofgem to take more confidence in the introduction of the proposed narrow principles and remove prescription that ultimately duplicates the intended outcomes of these.

Question 5: Do you agree with the key features of the new principles: (i) “Key Engagement Points”, (ii) “characteristics and preferences”, and (iii) our expectations of suppliers?

Yes, we agree that the move from prescription to these key features will enable suppliers to innovate and differentiate.

Question 6: Do you support our package of proposals to change the current customer communications rules to “encourage and enable” engagement? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

In our view, the proposed package of changes will deliver an overall positive outcome for the market, in terms of both consumer engagement and the flexibility allowed for suppliers to innovate. The consideration of customers’ characteristics and preferences is particularly



important as it recognises that some customers will require more support than others to engage with their energy supply.

Question 7: Do you agree with our definition of Key Engagement Points?

Yes, the definition is suitable as it allows – and places the onus on – suppliers to engage with their customers more effectively and dynamically, rather than being constrained by strict timeframes.

Question 8: Do you support our package of proposals to change the current customer communications rules to ensure consumers are aware of, and can obtain, “assistance and advice”? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

We agree that replacing prescription with this narrow principle will help remove a significant amount of “clutter” from certain customer communications that is better suited to other media.

Question 9: Do you support our proposed changes to the customer communications rules relating to “Bills and billing information”? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

We welcome Ofgem’s proposed changes with regards to bills and strongly believe that the removal of prescription for these communications will allow suppliers to make better use of them to communicate key information to customers. Suppliers should hopefully be able to utilise the new flexibility allowed to design communications that are more accessible and easier for customers to digest.

Question 10: Do you agree with the distinction between billing information and Bills?

As we stated in previous responses, our customers have long expressed a preference for concise, simple bills, that highlight the key information they expect from these communications – mainly, how much they need to pay (or how much credit there is on their accounts). It remains our view that bills should ultimately be designed to provide this key information in a clear and transparent manner. We are therefore encouraged that Ofgem’s proposals appear to recognise the distinction between Bills and billing information and would argue that the proposals could go further to emphasise this distinction.

In our view, a “Billing” narrow principle should state an expectation for customers to be provided with bills and statements of account – taking into consideration their preferences, characteristics etc. – to help them understand what the cost of their electricity and gas is for a given period, how much they need to pay, how they can pay, and a summary of how these charges have been calculated. Additional billing information should be treated separately and should be sufficiently covered by the existing Standards of Conduct and the narrow principles regarding engagement, advice and assistance. Such information can be



signposted and made available, rather than there being an expectation for suppliers to supply this at given frequencies – which may ultimately cause information overload.

Question 11: Do you agree our principle reflects the different needs and circumstances of different customer groups, including prepayment customers?

We agree with Ofgem’s rationale that billing information needs to be made available to all customers, irrespective of the type of their meter. We do not believe that the proposed wording of the “Billing and billing information” principle reflects information that would be of much relevance to a customer on a prepayment meter. However, as stated in our answer to Question 10 above, the application of the Standards of Conduct, in conjunction with the other narrow principles, should give suppliers a clear message about the type and quality of information they are expected to provide and/or make available to all customers, including those who pre-pay for their energy.

Question 12: Do you support our proposed changes to the customer communications rules relating to “contract changes”? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

We welcome the proposed changes around SORT and SLC23 notices, particularly the removal of content and timing prescriptions. However, the detail relating to specific conditions that are to be retained, removed or amended appears somewhat inconsistent. For instance, in relation to SORT communications, Ofgem is proposing to remove – amongst others – the requirement to specify the end of contract date (SLC 22C.3(c)(i)) recognising that this outcome would be covered by the narrow principle on Contract Changes. Yet the regulator is proposing to retain the requirements that suppliers explain the consequences of doing nothing (SLC.2(c)(v)) and the timeframes within which customers can terminate the contract without penalty (SLC22C.3(c)(vi)). It is unclear why Ofgem considers that the latter two aspects are any less covered by the proposed narrow principle than the former.

Similarly, the retention of some prescriptions regarding the content SLC23 notices is unnecessary. Ofgem is proposing to retain the requirement that suppliers inform customers that they can switch tariff or supplier if the unilateral variation is unacceptable (SLC23.4(l)). Again, the outcome that is intended here is sufficiently satisfied by the Contract Changes narrow principle whereby suppliers need to enable customers to “understand they can switch” and “how they may benefit financially from doing so”.

In our view, the introduction of a principle requiring suppliers to ensure that consumers have the information they need to manage important changes to their contract should warrant the removal of all content prescription relating to SORTs and SLC23 notices, and should free Ofgem of the burden of ascertaining which aspects warrant more prescription than others.



We have combined our answers to Questions 13-14 below.

Question 13: Do you agree with our proposal to no longer require suppliers to provide Annual Statements?

Question 14: Do you agree that the intended outcomes of the Annual Statement are reflected in our proposed new principles?

We strongly support the proposal to remove the requirement for Annual Statements. Our experience with these communications suggests that customer engagement with Annual Statements is low and does not provide the customer with any useful information that is not already provided elsewhere. The proposed principles offer more scope for suppliers to provide the information and prompts contained in these communications in a more meaningful way and at more suitable times.

I hope you find this response useful. If you have any queries, please do not hesitate to contact me.

Kind Regards,

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