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Dear Fiona and Katherine

Which? welcome Ofgem's work on reforming the supplier-customer communication experience and this consultation on rulebook reforms. It is important that communication from energy suppliers works for all consumers, acknowledging the differences between different types of consumers and their preferred styles. This is particularly important in light of the energy price cap, which may result in further disengagement. Further detail on Which?'s position on the energy price cap will be set out in our response to the policy consultation on 25 June 2018.

In-principle, Which? supports the move to a principles based approach to supplier-customer communication, and anticipate this could have strong benefits on innovation and the customer experience. However, we have outstanding concerns regarding the effects on consumer satisfaction and regarding monitoring and enforcement.

Consumer satisfaction

There is already significant disparity in consumer satisfaction with different energy suppliers and this is likely to be exacerbated with the removal of prescriptive requirements. Which?'s energy satisfaction survey shows significant disparity between satisfaction with different suppliers. The top-scoring in our latest survey had a customer score of 79% while the lowest-scoring had 45%. It also shows how consumers understand the information provided by their supplier - for example, only 33% of customers of one supplier ranked their billing clarity as good or excellent, compared with 88% of customers from another. Indeed, 7% of those who had switched said that confusing or contradictory communications were among their top three reasons.

Which? will share the relevant results of future surveys to assist Ofgem monitor satisfaction over time, but Ofgem should also conduct their own ongoing analysis of effectiveness.

Monitoring and enforcement

The consultation document does not include information about how this approach will be monitored, and Ofgem have said that no guidance will be published. This will create considerable uncertainty for both suppliers and consumers, and may allow a supplier to accidentally or intentionally mislead their customers. It is important that consumers and their advocates can be confident that a supplier is using communication methods in a customer's best interests, and not using behavioural science against them, for example to discourage switching.

Ofgem should reconsider the need for further published information about how monitoring and enforcement will work, including around: the level of certainty a supplier must provide for an approach to be sanctioned by Ofgem and how this can be achieved; the level of granularity suppliers should use to group similar customers; and some examples of current best practice, with an



acknowledgement these will change as the market evolves. Setting clear expectations will be particularly important for new entrants to the market.

Ofgem should also include a clear picture of the specific outcomes they would like to see from a principles based approach and publish frequent assessments of progress towards these outcomes.

Without clear principles for monitoring and enforcement, it will be difficult to establish a baseline from which outcomes under the new approach can be compared. Similarly, publishing more detail regarding the rationale for these changes and the evidence behind the change would be helpful. This information is valuable, not just in the energy market, but also for other sectors which may be considering a move to a principles based regulation approach.

While it is important to note that a one size fits all approach does not work for consumers, it is also important that suppliers are aware that the needs of a particular consumer can change over time. Suppliers will need to ensure their communication is adapted if a customer's circumstances change, for example if they become more vulnerable.

Annual tariff information

Consumers must have easy access to their annual usage information to be able to switch. This data is the input to comparing tariffs and supplier and without it many consumers will find switching much harder, and therefore less appealing. The current proposal retains the requirement to provide this information at certain key points, but it will be important for Ofgem to be able to determine if the removal of this requirement in other communications, alongside the removal of prescription regarding switching information, affects the switching rate.

About Which?

Which? is the largest consumer organisation in the UK with over one million members and supporters. We operate as an independent, a-political, social enterprise working for all consumers and funded solely by our commercial ventures. We receive no government money, public donations, or other fundraising income. Which?'s mission is to make individuals as powerful as the organisations they have to deal with in their daily lives, by empowering them to make informed decisions and by campaigning to make people's lives fairer, simpler and safer.

Yours sincerely,

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