



By Email: FWP@ofgem.gov.uk

17<sup>th</sup> January 2019

Dear Sirs,

### **Ofgem's Forward Work Programme 2019 - 2021**

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.

Bristol Energy supports Ofgem's core purpose and the five outcomes it lists that consumers should benefit from. In particular, we support the focus on better social outcomes which chime with our own mission.

Like Ofgem we recognise that this is a period of significant change for the market, both from a technological point of view as we leverage the benefits of smart metering and other advances and from market structure as the dominance of the six largest supplier dwindles.

### **Supporting Innovation**

We are concerned that Ofgem is seeking to regulate innovation and flexibility rather than developing a market that facilitates these. In particular, we note that the commitment to a more principle base regulatory framework has fallen by the wayside as the regulator seems to suggest that this is a "Job Done", with the relatively minor changes to the customer communications rulebook and vulnerability and sales licence conditions. We strongly encourage Ofgem to recommit and intensify its move to a more principle based regulatory framework and to engage with industry to identify the next areas of focus for this workstream.

In order to support innovation, Ofgem should be seeking to create a more open market along the lines recently set out by Laura Sandys' work on Rethinking Regulation. Instead, Ofgem seems to suggest it intends to want to "pick winners" by amending regulations to allow the innovations it is itself developing or, indeed, favours.

As a practical example, we do not believe Ofgem should be dictating an industry wide MiData solution but should instead be talking to innovators in data use about what regulatory barriers are preventing them from offering commercial solutions to customers and market participants and seeking to resolve them. The current mandated, sub-optimal solution is likely to be restrictive to innovators and a cost burden which all customers will bear, whilst the benefits will be reaped by the few.

### **Resource impacts on suppliers**

As a small supplier we have finite resource to deliver change and therefore need to focus on what delivers most benefit to our customers and our fuel poverty mission. Currently we are having to divert resource from the front line to deliver Ofgem mandated change. This work is also uncoordinated and creates significant peaks and troughs which we find difficult to resource and as a result are not able to engage at the level we need with all of the Ofgem's workstream. We have attached a table [**IN CONFIDENCE**] showing our level of engagement with



Ofgem's work and other related areas also ongoing. We would like Ofgem to include in its work plan a proposal to better co-ordinate its work to smooth out the impact on market participants, create synergies and reduce duplication.

### **Supporting diversity in the market**

If Ofgem wishes to deliver positive outcomes for energy customers, then it needs to ensure a healthy, competitive and diverse energy market, more focused on product diversity than the current binary focus on price which Ofgem consistently endorses through its actions. It cannot have escaped Ofgem's notice that this market is struggling primarily, in our view, due to the level of change the regulator is seeking to impose on energy retailers. It should also note that the ability of current suppliers and future market players to innovate is curtailed by the need to resource regulatory changes which stifle the ability of parties to innovate for their customers. It is important that Ofgem recognises that at times, what deters customers from engaging with the market, is the prohibitive regulatory environment, which prevents suppliers from having a meaningful and tailored dialogue with these customers. The regulator seems to have acknowledged this in its work around customer communications, so it is not clear why it now appears reluctant to expand on this work and consider other areas of the supplier-customer relationship where customer characteristics warrant differentiation in terms of service and product offerings.

We are by no means opposed to all the changes proposed, and we recognise that some of the work Ofgem seeks to deliver is about facilitating a more open market, but Ofgem keeps adding belts and braces to the workings, which create barriers. For example, we support Ofgem's work to facilitate faster switching. It is our view, that these changes should allow customers to switch on the date they wish. However, Ofgem has gone further and stated it expects all customers, unless they actively inform suppliers otherwise, to be switched in the minimum time possible. This in our view is a clear case of Ofgem seeking to interfere in the customer/supplier relationship and will drive suppliers to switch customers in line with regulation rather than seeking to ascertain the customer's preference.

### **Requests for information**

In its forward Work Programme, Ofgem state that it intends to achieve the streamlining of its information request process in 2018/19. Currently, we are not seeing any results of this work with RFI's arriving on an ever-increasing basis with little co-ordination and sometimes seeking data that we have previously submitted to Ofgem in a previous, recent RFI. Whilst we recognise the importance of Ofgem having accurate data to carry out its role, we believe stronger controls and co-ordination of RFI requests is absolutely required. For example, we would like Ofgem to send all such requests to the nominated person within the business and not to some random selection of email addresses, as is often the case. Ironically, one RFI we are regularly required to respond to is in relation to the list of contacts within Bristol Energy for Ofgem's various areas of work – yet information continues to be sent at random to various teams and individuals within our business.

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

Kind regards,

A handwritten signature in black ink that reads "Chris Welby".

Chris Welby  
Head of Regulation