



## **MoneySuperMarket | Developing a framework for assessing whether conditions are in place for effective competition**

### **About MoneySuperMarket**

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MoneySuperMarket is the UK's leading price comparison website. We provide proactive and personalised services to help people manage, save and grow their money, by enabling them to compare and switch on over 40 products across Insurance, Money and Home Services, as well as monitor their credit score and manage their bills.

MoneySuperMarket is part of the Moneysupermarket Group, an established member of the FTSE 250 index with 13 million active users. In 2018, we helped millions of families save an estimated £2.1bn on their household bills including insurance, energy, credit cards and loans, travel and TV and broadband.

Moneysupermarket.com Limited is an appointed representative of Moneysupermarket.com Financial Group Limited, which is authorised and regulated by the Financial Conduct Authority (FCA FRN 303190) for the insurance, mortgage and consumer credit products it offers. For energy products, MoneySuperMarket is accredited under the Ofgem Confidence Code.

### **Executive Summary**

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1. We are in broad agreement with the conditions laid out for effective competition to take place. Firm metrics need to be developed to help assess whether effective competition is taking place.
2. In order to assess whether effective competition is taking place in the retail energy market, Ofgem should publish the baseline performance of how the conditions were performing before the price cap was introduced.
3. Consumers should be given the platform to share their consumption data so they have access to better energy services. This will create competition through firms innovating products and services.
4. Switching rates have been increasing and are now at a record high which suggests that the market had effective competition before the price cap was in place. A switching metric should be introduced as this will help measure if competition is effective.

### **Detailed Comments on the Proposals**

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#### **1. Are there any features of effective competition that are not covered in the definition?**

Ofgem have proposed a loose definition of effective competition in which we are in broad agreement. Government and regulator intervention does not provide a platform for effective competition as it forces market participants to operate within a very restricted set of boundaries which stifles innovation.

The importance of switching has been highlighted extensively in the 2016 CMA Energy Market Investigation, and in Dieter Helm's Cost of Energy Review. Current switching rates were rising before the introduction of the price caps and are now at an all-time high suggesting that effective competition



was already in place. A metric focussing on switching levels must be included as this serves as a guide to effective competition taking place.

Overall, for effective competition to work, the assumption is that the market has an engaged set of customers, the price cap does not do this and this needs to be the focus for BEIS and Ofgem.

**2. What are your views on the conditions for effective competition we have proposed? Are they clear and is there anything else you think we should take into account?**

We are broadly supportive of the conditions highlighted however; we do not believe that the conditions are specific enough as there are not any metrics or targets to measure the conditions.

The industry doesn't have a baseline position to measure how these conditions fared before the time the price cap was launched. If Ofgem were able to make this assessment and publish this information, it would help the industry form a view on the effectiveness of the conditions.

**3. What are your views on the structural changes that we propose to include in our framework? Are there any specific changes you think we should consider?**

We are in broad agreement with the four work streams proposed. For the structural changes to have most impact, the programmes of work need to be sequenced and delivered in an integrated manner.

As previously highlighted, we believe the rollout of smart meters is a positive development for the market. In order to fully achieve the potential of the smart meter revolution, consumers need to be able to access and share their smart meter data easily as this is not yet in place. PCW's play an important role in helping the consumer understand the market and make informed choices including assisting those who are vulnerable find suitable tariffs.

We are supportive of the recommendations from the CMA's 2016 Energy Market Investigation, especially the demand-side remedies. To date, the progress on these recommendations has been limited. We would like Ofgem to focus on developing and delivering a specific programme of work focussed on consumer engagement. This will help us understand the needs of the consumer and enable the development of products and services.

**4. Are there any indicators of the competitive process not listed here that you think we should consider in our analysis?**

We are broadly in agreement with the indicators. We do not believe that measuring the number of smart meters alone contributes to the indicators of effective competition. The real benefit for consumers and competition would be for them to find ways of accessing and sharing their smart meter data so they are able to have more access and choice to various products and services.

**5. What are your views on the consumer outcomes that we propose to assess in determining whether the conditions are in place for effective competition?**

We are in broad agreement with the framework proposed. There needs to be a clearer description of the acceptable price differentials that Ofgem would consider legitimate.

We are supportive of measures that improve the quality of customer service. However, it is our view that more exact standards and measurements need to be set for consumers to make effective choices.

In order to determine whether the conditions are effective we would like to see a baseline assessment of how the conditions were performing before the price cap was in place.



**6. Is there any other aspect of effective competition that the framework should consider?**

We do not have any comments to make in response to this question.

**Contact Information**

If you have any questions regarding this consultation response, or would like further information on the work of MoneySuperMarket, please contact: [Matthew.Whittle@MoneySuperMarket.com](mailto:Matthew.Whittle@MoneySuperMarket.com).