

Re-engaging energy consumers
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SCANDAL OF NEW ENERGY PRICE HIKES

JUST DISGASTING

» Fury as SSE brings in shock 8% fuel bill rise

» Families fear rest of big firms will follow suit

Tories' secret plan to fire Ed's energy quangocrats

Threat of winter blackouts at its highest for years

Energy bosses vent their fury as Miliband plan hammers shares

Energy prices rises
Income squeeze
Poor direct experiences
Essential public service
Reinforcing public narrative
leads to
FRUSTRATION AND ANGER

More to come?

- Investment
 - Security of supply
 - Low carbon economy
 - Upgrading networks
- Wholesale energy costs
 - Carbon price support and/or ETS
 - Gas prices
- Suppliers own costs and profits
 - Social and environmental obligations
 - Smart meters

Bigger picture

- Dissatisfaction and mistrust from all sides
- Very short window of opportunity to make the market work well for consumers
- Alternatives
 - Market Investigation Reference
 - Structural change
 - Price regulation
- **RMR is the last chance to deal with concerns without fundamental institutional or structural reform**

RMR becomes real

- Licence changes are in effect
- Implementation timetable
 - Standards of conduct (in place)
 - Fixed term rules (in place)
 - *Simplification measures (December 2013)*
 - *Better information and prompts (March 2014)*
- Most companies have already implemented the simplification measures ahead of time
 - Some have gone further

We will monitor progress

- Commitment to work with the OFT/CMA
 - Framework by December 2013
 - Initial competition assessment by March 2014
 - First annual review published late spring 2014
- Clear route to the Competition Commission, if appropriate
 - If at any stage we consider that RMR is unlikely to realise the intended benefits
- Want to see strong progress
 - Consumer engagement and perceptions
 - Competition assessment

Opportunities for consumers in the market

- You can save money
- You can fix prices
- You can go to smaller suppliers
- You can manage your energy use

It has never been easier for consumers to change supplier

Green Shoots?

- Political and media focus on changing supplier
- Increased switching activity in recent weeks
- Increased promotional activity
- Increasing share of consumers on fixed deals
- Growth of smaller suppliers

What else are we doing?

- Liquidity
 - The key to a level playing field?
- Transparency
 - The key to trust and confidence?
- Intermediaries
 - The key to mass participation?
- Vulnerable consumers
 - The key to making the market work for all?
- Smarter markets
 - The key to engagement and demand side participation?

Positive longer term vision

- Vicious circle to virtuous
- Develop use and scope of Standards of Conduct
 - Allows prescriptive rules to drop out
- Importance of intermediaries
- Importance of smarter markets

- **RMR is here, now**
 - Offers the prospects of immediate benefits to consumers
 - It has never been easier to change supplier
- **The challenges will not go away**
 - Political pressures
 - Price pressures
 - Security of supply risks
 - The vicious circle
- **RMR offers the way out**
 - The last realistic chance to avoid structural or institutional change
 - There are reasons to be optimistic
- **The longer term vision**
 - Engaged consumers, smarter markets and a greater role for intermediaries
 - Essential for the low carbon transition
 - Not creeping regulation and intervention

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