



Neil Barnes,  
Associate Partner,  
Ofgem,  
9 Millbank,  
London,  
SW1P 3GE

18<sup>th</sup> November 2016

Dear Neil,

**Ofgem's open letter on proposed selection criteria for mandatory supplier testing and statutory consultation on SLC32A.**

Thank you for your open letter on the above. Bristol Energy is a new market entrant with a business model that has a regional focus although we supply electricity and gas nationally.

We welcome Ofgem's willingness to consult on the criteria it intends to use to mandate suppliers to participate in randomised control trials. As a new market entrant, with a low number of customers we appreciate that Ofgem will consider our ability to participate when deciding which suppliers to mandate.

It is however possible that in running such trials Bristol Energy may wish to participate, and as such we strongly believe that before mandating suppliers to participate it should seek out any suppliers who may voluntarily wish to participate before using its proposed powers under SLC32A. Indeed, we would like it to be expressly stated in SLC32A, that this power should only be used when sufficient voluntary participation has not been forthcoming.

We believe voluntary participation may be more forthcoming if Ofgem was to avoid where possible prescribing in detail the trials it wishes to run, and adopt a more principle based approach. For example, if Ofgem wished to trial how customers react to different names for a standard variable tariff, then Ofgem should not propose the names it wishes to trial, but set out that it wants to trial different names to see if it creates a change in behaviour, and leave participating suppliers to trial names of their choosing (potentially with Ofgem input into the discussion.)

We agree that Ofgem should consider the make-up of the supplier's customer portfolio and the ability of the supplier to conduct the trial. As part of this we would like Ofgem to consider whether the relevant systems are bespoke to the supplier, or whether the systems are provided by a 3<sup>rd</sup> party who supports several suppliers and would be unwilling to make system changes for just one of its clients.

With regard to the burden on the supplier, Ofgem should not just consider the cost of conducting the trial, but also the potential impact of the trials success or failure. For example, independent suppliers like Bristol Energy have a relatively engaged customer portfolio, and thus any trial which was to encourage customers to switch supplier could if successful be damaging to their business if it caused significant switches away from them to occur. One mitigation against this would be to place in SLC32A a cap on the proportion of a supplier's portfolio that can be co-opted into the trial (excluding any control group).

SLC32A also requires Ofgem to give a minimum of one months notice of any requirement to participate in a

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trial. Whilst we note that the phrase is “a minimum of” we believe that one months notice would be impossible to meet for even the simplest of trials as it would take several weeks to get approval and to specify the required changes. We believe a minimum of 3 months would be more realistic.

I hope this information is sufficient. 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

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