

Electricity suppliers, consumer bodies and other interested parties

Date: 20 February 2017

CMA Restricted Meters Remedy: communication with Restricted Meter customers

On 24 June 2016, the Competition and Markets Authority (CMA) published its Final Report on an investigation into the GB energy market.¹ This Report set out remedies to adverse effects on competition (AECs), for example, weak domestic customer response, in particular actual and perceived barriers to switching supplier.

One of the remedies is aimed at specific problems faced by customers on restricted meters regarding access to more competitive tariffs. The CMA required that:

- suppliers make all their single-rate tariffs available to domestic customers on restricted meters, without making switching to these tariffs conditional on replacement of the restricted meter; and
- suppliers ensure that domestic customers on restricted meters have access to information on the switching options available to them. Consumer bodies (Citizens Advice and Citizens Advice Scotland) are to play a specific role in ensuring suppliers provide them with information about restricted meter customers in a timely way.

The CMA put these remedies into place through the Energy Market Investigation (Restricted Meters) Order 2016, which also inserted new Standard Licence Condition (SLC) 22G into the electricity supply licence. From September 2017, electricity suppliers will be required to provide Specified Information² to Relevant Restricted Meter Customers in the Relevant Restricted Meter Customer's Bill, Statement of Renewal Terms, or other regular written correspondence with the Relevant Restricted Meter Customer, in a manner designed to promote positive engagement (SLC 22G.9).

In response to SLC 22G.9, Ofgem was asked by some suppliers whether we will prescribe the content and manner in which they are to communicate with Relevant Restricted Meter Customers.

Ofgem is using this letter to give additional clarity to suppliers on how they can best meet their SLC 22G obligations. We do not intend to be prescriptive in respect of SLC22G.9 for the following reasons:

- suppliers should consider how to most effectively and positively engage with Relevant Restricted Meter Customers. They can do this by working with the relevant consumer bodies to achieve the remedy goals of increased customer awareness of switching options for Relevant Restricted Meter Customers;

¹ The Final Report is on the CMA's website here: <https://www.gov.uk/cma-cases/energy-market-investigation>

² Specified Information is defined in the CMA Order and SLC 22G and refers to a supplier statement aimed at restricted meter customers explaining that they are able to change supplier or tariff without incurring replacement costs for their existing metering and providing them with contact details of the relevant Citizens Advice body.

- in line with Ofgem's move to rely more on principles, we want to ensure that suppliers can act flexibly to deliver appropriate outcomes for these consumers in line with CMA findings;
- all suppliers will need to ensure that their communications with Relevant Restricted Meter Customers at all times remain clear and aimed at fairly treating these customers, and also compliant with all other existing SLCs such as the Standards of Conduct.

Monitoring

As stated in SLCs 22G.14 and 22G.15 of the electricity supply licence, Ofgem may from time to time request information on how suppliers are complying with obligations under SLC 22G and the effectiveness of their actions. Any information given to Ofgem by electricity suppliers in response to meeting SLCs 22G.14 and 22G.15 will help inform us about whether further action is required including any enforcement action.

For queries regarding this letter, please contact Abid Sheikh at: abid.sheikh@ofgem.gov.uk.

Yours faithfully,

Anthony Pygram
Partner, Consumers and Competition Division