



Making a positive difference
for energy consumers

The Rt Hon Greg Clark MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
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Date: 03 July 2017

Dear Secretary of State

Response to your letter of 21 June 2017

Ofgem shares your concern that the market is not working well for all consumers, particularly those who do not regularly switch energy supplier.

In particular, my Board has discussed at its meeting in mid-June what we can do going beyond the recommendations of the CMA to help the more disadvantaged in society. Today, and in the context of our statutory objectives in this area, we are launching work with consumer groups on measures to protect and empower vulnerable consumers. This work will look at options including extending the current safeguard tariff in place for consumers on a prepayment meter and we will move forward urgently to implement any changes.

We are also announcing a package of measures to help people move away from poor value default tariffs. We will continue to focus on these matters, including consulting on any further measures, until the two-tier market has been addressed and the market works better for consumers. This work sits alongside the work already in train to ensure faster switching for consumers, as well as bringing the benefits from better technology and digitisation to the energy market.

Some reforms are already beginning to take effect, and as of last week microbusinesses have greater visibility of the prices available to them. This should make a real difference to the way this part of the market works. We will consult on further measures to help such businesses including potentially extending domestic protections – such as cooling off periods and reducing a supplier's ability to object to a customer switching – to the smallest micro business customers.

Ofgem is determined to get the best possible deal for all consumers in the energy market and to ensure that the most vulnerable in society are not left behind as we move towards a smarter, fairer, and more competitive energy market. We look forward to working with BEIS, Parliament, consumer groups, and industry to achieve this.

Yours sincerely

Dermot Nolan
Chief Executive