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Retail Price Regulation
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Dear Jemma,

Providing financial protection to more vulnerable consumers

Thank you for the invitation to respond to the above document. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. Good Energy is working towards a 100% renewable future, helping to support technologies including wind, solar, biofuel, hydro and tidal. Our purpose is to power the choice of a cleaner, greener future together.

Overview

- Good Energy has developed a viable alternative approach to consumer protection, which better preserves competition.
- The use of PSR/debt is not an effective proxy for data-matching, and is unlikely to offer a good customer experience.
- The use of PSR risks capturing large numbers of non-financially vulnerable consumers.
- Fuel Direct offers a better alternative to data-matching.
- Not all SVT customers should be considered unengaged.

While we fully support OFGEM's aim to offer protection to consumers that are both vulnerable, and unengaged with the retail market, the current proposed methodology fails to deliver best outcomes for consumers. Good Energy has recently developed a thought-leadership proposal on a new approach offering meaningful consumer protection, whilst maintaining a high level of competitive pressure. We very much welcome the opportunity to discuss this proposal with you, as a viable alternative to the proposals set out in this consultation, and as a methodology for delivering on Government's forthcoming default tariff price cap.

With regard to the specific issues raised in this consultation however, we have a number of concerns. It appears there may be significant cost and operational implications of introducing data-matching at such short timescales, potentially leading to increased prices for the non-capped portion of our customer base. This said, in principle the use of data-matching with DWP records is likely to be more effective than the PSR or debt metrics proposed in the consultation.

The proposal to make use of the PSR or debt where data-matching is not possible would not deliver a good customer experience. Consumers' debt status and qualification for the PSR can both be highly transient. A customer, who had their tariff capped whilst in debt, could find their tariff increasing when that debt had been repaid, and then re-capped should they fall back into debt. Those on the PSR for short-term reasons such as short-term illness or temporary disability could similarly experience fluctuations in their tariff.

Qualification for the PSR is also a poor metric for financial vulnerability (and therefore not equivalent to a data-matched metric) – many consumers on the PSR, such as those over 65, those with children under 5, and those

who have requested a password arrangement, may be affluent and therefore not be appropriate for targeting under OFGEM's proposed rice cap.

In addition, if the PSR criteria were imposed only on those suppliers which do not already make use of data-matching for the Warm Homes Discount (WHD), this would create both an uneven playing field for suppliers, and a two-tier system of protection between customer groups – between those in receipt of particular benefits from data-matched suppliers, and those on the PSR for non-data matching suppliers. This explicitly goes against the stated aims of this policy proposal.

As set out above, we have a proposal for an alternative solution which offers customer protection whilst preserving competition, however if OFGEM is seeking an alternative fall-back position in place of use of the PSR, better targeting may be achieved through making use of Fuel Direct –whereby suppliers collect a regular amount from consumer benefit payments to cover the cost of their energy bill.

Finally, as currently set out, OFGEM's proposes wrongly equate being on an SVT tariff, with being disengaged with the energy market. Although this may be true for other suppliers, particularly the incumbent suppliers who have stated previously that very few customers proactively switch to their SVT offering, Good Energy's customers are different. Until recently, Good Energy has only offered an SVT tariff, making our SVT a strong acquisition tool, and therefore it is inaccurate to consider our SVT customers as unengaged from the market. Our customers have proactively made the choice to purchase an enduring premium energy product, and our research demonstrates that many of our customers are highly engaged with their energy use – a lack of switching should not be mistaken for a lack of consumer engagement. We therefore propose an alternative metric for disengagement should be sought.

I hope you find this response useful. We look forward to setting out our proposals for an alternative approach to consumer protection. If you have any questions, please do not hesitate to contact me.

Kind regards,

Dr Tom Steward

Regulatory Affairs Executive