



CONSULTATION ON THE IMPLEMENTATION OF THE CMA'S WHOLE OF MARKET RECOMMENDATION

Summary Position

- We support the implementation of the CMA's whole of market recommendation for Price Comparison Web sites (PCW) proposed by Ofgem in this document.
- Ofgem should take the opportunity to more explicitly incorporate the CMA's CARE principles into the Confidence Code.
- Competition amongst PCW's is an important background issue to these changes as this may have an impact on how they are incentivised to comply with the newly revised code.

Introduction

GNE welcomes the opportunity to respond to the "Consultation on The Implementation of the CMA's Whole of Market Recommendation." We would like to take the opportunity to develop some high-level views as well as commenting on the consultation questions in Annex 1.

We are Supportive of the proposals

GNE agrees with the CMA's reasoning in their investigation that underlies this remedy. We therefore support Ofgem's proposal to follow the recommendation and change the WoM restriction.

We also note that these proposals are supported by a strong evidence base that gives us assurance that there will be no unintended consequences for the retail market.

Two Recommendations

The CMA in their Digital Comparison Tools (DCT) investigation (2016) identified some principles that DCT's should follow. Their messages should be Clear, Accurate, Responsible and Easy (CARE). Ofgem state "that many of the CARE principles are already reflected in the Confidence Code." We would go further and argue that they should be fully *implemented* and not just "reflected" in the code.

Finally, the choice of PCW's for consumers can be an issue as they may find it difficult to compare the results of PCW's searches. The CMA stated, "if competition between DCTs themselves does not work well, people may not feel the benefits." The only way compare PCW's involves re-entering the same information and recording the results of each PCW visited. Though Ofgem presents evidence to confirm that customers do indeed do this, the same report also appears to dilute this claim. The CMA concluded "our analysis found mixed evidence of multi-homing (i.e. using multiple DCTs)" and "most consumers (58%) say they went straight to a site they knew" (3.19 CMA DCT Final Report 2017). We would therefore recommend that Ofgem think about the impact on compliance of the code in the market for PCW's. If it appears to be too highly concentrated the incentive structures could change from "fully" compiling to "what I can get away with" approach.

Conclusion

GNE supports Ofgem's proposals. However, as distinct from the retail market, we would urge Ofgem to think about any possible unintended consequences of this intervention in the way PCW's compete.

Green Network Energy



ANNEX 1

Specific responses to the consultation questions

1. Do you agree that our minded-to option is the best means of achieving the benefits and mitigating the risks of removing the WoM requirement?

GNE agrees with this proposal as the best means of achieving the benefits and mitigating the risks of removing the WoM requirement.

2. Do you agree that our proposed drafting of the Code is the best means of achieving the benefits and mitigating the risks of removing the WoM requirement?

We generally agree with the text as it stands. Much of the effectiveness of this change turns on how Section 2.5 is interpreted

“ iv. display a clear, prominent and accessible link to the Citizens Advice Comparison Tool with an accompanying statement to indicate that a wider view of the market, including the tariffs available on the Service Provider’s website and other tariffs, is available on the Citizens Advice Comparison Tool. Such statement must not be misleading”

In terms of drafting it appears to allow a great deal of discretion to the PCW over the way in which it is communicated but gives a clear steer in the regulatory objectives behind the requirement.

Further Comment

We think it would be possible to draft into the code the CARE model- “clear, accurate, responsible and easy” in a new objectives section before the “requirements” chapter?