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Dear Fiona and Barry

## **CONSULTATION ON SUPPLIER / CUSTOMER COMMUNICATIONS**

First Utility welcomes the opportunity to respond to this consultation.

**We agree with Ofgem's contention that rules around supplier/customer communications have become unduly prescriptive, and we welcome the proposed move to a more "principles based" approach instead.**

For example:

- **The Bill:** We agree with you that the Bill should not be a catch-all for all types of energy information, and that suppliers should be able to design bills according to their customer base (and to different customers within that base).
- **The Annual Statement:** Our initial assessment is that the majority of information contained in the Annual Statement is already included in the Bill and many other places, e.g. for our customers, in "My Account". We therefore agree with you that this should not be mandatory provided suppliers send customers a sufficient number of prompts without it. For First Utility, given we have monthly billing, removing the requirement to send Annual Statements would reduce cost without detriment to the customer.
- **Statement of Renewal Terms:** We support the ability for suppliers to vary the content of these, within narrow principles to ensure consumer protection. We also support the ability to combine currently separate mandatory communications where this supports engagement.
- **Cheapest Tariff Information:** We support changes here, provided suppliers can prove to Ofgem that any changes support rather than remove a customer's ability to make an informed choice.



- Price increase and unilateral variation notices: Again we fully support flexibilities here. An example would be the prescriptive rules around having to describe a change as a Price Increase because one element of the charge is going up, even if the overall costs are reducing, this very confusing for customers. We would prefer the ability to choose our own wording, provided this genuinely helps the consumer understand and engage with the situation.

**We agree that the new principles-based approach should be linked to “Key Engagement Points”**, and that communications around these “Engagement Points” should be duly justified by suppliers based on how far these interventions support different categories of consumers making an active choice over their tariff.

**However, we do have concerns that those suppliers who have historically profited from an inactive customer base might misuse these flexibilities to decrease rather than increase engagement.** For example, it is notable that, when Ofgem suspended the Retail Market Reform rules in 2016, most suppliers used new flexibilities not to support disengaged customers, but to offer exclusive customer-only deals to new customers. Likewise, where prescriptive rules remain, incumbent suppliers have easily found loopholes. For example, one supplier we know of bills its Fixed Direct Debit customers (which is most of them) just once a year, likely to get around cheapest tariff messaging.

**We propose Ofgem monitors the number of prompts per supplier, plus how far these prompts then convert into an “active choice” by customers (as opposed to rolling onto the SVT), and takes action as appropriate should a supplier perform poorly.** Citizens Advice could also update the scoring that underpins their customer service league tables to reflect the quality and frequency of supplier communications.

Once again, we broadly welcome this move from Ofgem and look forward to the implementation of the policies proposed.

Best Regards

[not signed]

**Natasha Hobday**  
**Group Director of Regulation and Policy**