



Katherine Harris and Ruth Saunders

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by e-mail only

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Dear Katherine and Ruth,

Statutory Consultation – Domestic supplier-customer communications rulebook reforms

Thank you for the invitation to respond to the above consultation. Bristol Energy is an independent supplier of electricity and gas with a business model that has a regional focus on the South West of England, although we supply customers across Great Britain. We have a mission to fight fuel poverty and be a force for social good.

Executive Summary

Bristol Energy is highly supportive of Ofgem's proposals to remove prescription from the supply licence concerning customer communications. The proposals presented in the current Statutory Consultation represent a significant and encouraging change for the industry as they will allow more differentiation between suppliers, whilst giving more scope for customers' preferences and characteristics to be taken into account.

We believe Ofgem has struck a suitable balance between the new principles and the prescription it proposes to retain, although in a few circumstances it appears to lack the confidence that the principles on their own would suffice in meeting their respective policy intent. Overall, however, we don't consider the remaining prescription – and the associated overlap with the new principles – too onerous; and appreciate that this could serve in clarifying a certain minimum standard, particularly for new market entrants.

We would also encourage Ofgem to move swiftly onto seeking views from the industry regarding which area of the licence should be next up for a move from prescription to principles.

We provide responses to specific questions below.



Question 1: Do you consider that a direction is required to enable suppliers to make changes to existing fixed-term contracts, so that those customers can benefit from our rule changes sooner? If yes, please:

(a) provide examples of specific clauses in your T&Cs that would require such a direction (suppliers only); and/or

(b) provide suggestions for how the scope of the direction should be drafted to achieve our policy intent.

Our T&C's include clauses which could potentially need to be amended once the new rules come into force. Specifically, these are clauses which underpin the timings around the various customer communications considered in this consultation – Price Increase Notices, SORT letters, and notices concerning other contract changes. Our T&C's specify, for example, that

“If we need to make any changes to the Contract that could disadvantage You in any way, we will inform You of these at least 30 days in advance to the changes taking effect.”

And

“If your Contract has a Fixed Term Period we will send You a Statement of Renewal Terms between 49 and 42 calendar days before the Fixed Term Period of the Fixed Term Tariff is due to end.”

We are likely to be in a position where we would want to remove this prescription from our T&C's to take advantage of the flexibility that the current proposals would allow.

We therefore agree that a direction should be issued in order to allow suppliers to make these necessary changes. The direction should include an obligation on suppliers to inform customers of the changes, the reasons behind them, the anticipated impact on the customers, and steps they can take to switch away if wanting to avoid the changes. We strongly recommend that the direction is designed so that it prevents suppliers from charging exit fees to customers who wish to exit the fixed term contract early as a result of the changes communicated.

Question 2: Are there any other consequential amendments to the licences that we haven't proposed in annexes 1-2 that you consider would be needed in light of our proposed changes?

We did not identify any further consequential amendments that would be needed as a result of the proposed changes.



Question 3: Do you agree that our proposals reflect our policy intent relating to encouraging and enabling engagement?

Yes, we believe that they mostly do. Although a minor point, we do not believe that the renaming of SLC 31F.3 as “*Continuing to make informed tariff choices*” reflects the intent of the condition. Making a “tariff choice” is different from “understanding a tariff”. Choice suggests assessing several options and selecting one product over another, in this case the customer would do so for their tariff and others. However, the principle requires suppliers to support the customer in considering their consumption and how it relates to the costs of their supply and as such the choice they are encouraged to make is with regards to how best to manage costs and consumption, rather than over the suitability of a tariff. We are of the view that the previous licence name, “*Consumption and cost choices*” is a much better reflection of the policy intent here.

Question 4: What are your views on our proposal to move the rules around engagement prompts into a direction separate from the supply licences?

Bristol Energy believes there is a contradiction between Ofgem’s stated intention to simplify and consolidate the rules around customer communications and the proposal to move one aspect of these rules into a separate direction. There is also a risk that this move would compromise the requirement for Ofgem to follow due processes with regards to transparency and proper consultation with the industry.

In addition, Ofgem needs to consider the change process some suppliers are likely to begin engaging in following the implementation of the current proposals, which is likely to involve resource and financial investment as well as technical and system changes. It would be highly problematic if this process and the associated investment would later on be compromised by Ofgem’s announcement, with short notice, of new (and potentially prescriptive) changes.

Question 5: Do you agree that our proposals reflect our policy intent relating to assistance and advice information?

Yes, Bristol Energy is supportive of Ofgem’s proposals around the Assistance and Advice principle, and we agree that this reflects the policy intent.

Question 6: Do you agree that our proposals reflect our policy intent relating to Bills and billing information?

We continue to be of the view there is an overlap between this and the “*Continuing to make tariff choices*” principle, and do not agree with Ofgem’s assessment, at paragraphs 5.39-5.41 of the Consultation Document, that these have different focuses. Indeed, we think the two outcomes duplicate, rather than complement each other. It is unclear to us what the difference is between helping the customer to “*prevent their energy costs from becoming unpredictable*”, and supporting them in making “*decisions about the best way to engage with*



their energy...such as how they use energy". Nor do we see a distinction between providing "customers with information about their energy costs, how this is calculated and how they pay", and ensuring that they "understand the features of their tariff".

Notwithstanding, we agree that the principle (or, indeed, the principles) reflect(s) the policy intent of ensuring that customers understand and engage with their consumption and bills.

Question 7: Do you agree that our proposals reflect our policy intent relating to contract changes?

Bristol Energy takes the view that some unnecessary duplication remains between the new principle and the prescription that Ofgem is proposing to retain underneath it. For instance, the information suppliers are required to provide under the existing SLC 22C.3 (c,iv) – explaining to the customer what happens if they do not renew at the end of a fixed term deal – is surely already covered by the newly proposed SLC 311.2 (b,ii) – requiring suppliers to inform the customer of *"any potential implications...of the changes...if no action is taken"*. Similarly, the rights that suppliers are required to inform customers about under the existing SLC 22C.3 (c,vi) are surely the rights that the newly proposed SLC 311.2 (b,iv) is meant to cover.

Notwithstanding, we agree that Ofgem's proposal for its contract changes principle reflect its policy intent.

I hope you find this response useful. If you have any queries, please do not hesitate to contact me.

Kind Regards,

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