

Ofgem Forward work programme 2019-21

Energyhelpline is a price comparison service, that helps customers engage with the market in order to find a better energy deal. We share Ofgem's commitment to increasing engagement in the energy retail market, over the last twelve months we have processed over 1.3 million energy switches and been a successful partner in two of Ofgem's disengaged customer database trials.

1. Making retail markets work for all

Energyhelpline fully supports Ofgem's priority to bring forward a new best-in-class strategy to address the needs of all consumers, particularly the vulnerable, by August 2019.

We strongly believe that the 8m disengaged database project is critical to improving outcomes for vulnerable customers. We have successfully partnered with Ofgem on a number of disengaged customer database trials with high switching rates.

Our trials with Ofgem have offered a significant opportunity to help consumers, including some of the most vulnerable, find a more competitive deal and switch to it. During our second Ofgem trial, 25 per cent (1,817) of all switches were by customers over the age of 75. Through this work, we have developed a series of key learnings that can maximise customer engagement. We look forward to working with Ofgem to take these learnings forward, so we can improve consumers' experience of switching, which will lead to greater engagement in the retail energy market.

Value for money and customer satisfaction are also very important in this market, where everyone has access to a product which doesn't vary in quality. To ensure that a varied and competitive market is in play for all consumers we agree that higher standards are needed to ensure financial resilience of newer suppliers, as the SoLR process could cause customers to lose faith in the switching process. We feel that as so many smaller suppliers have folded over the last 12 months, customers may be reluctant to try using smaller/new suppliers in future, or even switching at all. This could increase disengagement resulting in a detrimental effect on competition and the variety of tariffs available to customers.

On balance we don't think price regulation gives a better overall outcome for consumers. The recent rise in the price cap has left people feeling let down by price fixing and suppliers have responded by increasing their prices. Markets by definition work for people who participate in them, which means that consumer engagement should be at the forefront of actions to gain good outcomes.

Further engagement programmes for those not switching and review of the SLCs should have a positive impact on customer confidence, and Midata has the potential to support easier and more accurate switching. We feel that accurate switching is more important in order to address customer fears about switching than pushing faster switching through; there are still areas of concern regarding the final bill process and accuracy of data in the National Database.

2. Enabling future markets and system arrangements.

Overall, Energyhelpline believes that Smart meters are a positive move towards empowering customers to monitor how much energy they are using, thereby enabling accurate billing.

Unfortunately Smart meters are often incompatible with a new supplier's systems, which then acts as a barrier to switching.

Customers feel that their Smart meter saves them money, when in fact their behaviour is what affects their spend on energy; ultimately we all pay for what we use whether it's billed monthly and accurately, or paid by monthly Fixed Direct Debit. The media attention around Smart meters has caused some customers to believe they'll lose out financially if they switch and caused some stagnation in the switching market. When Smart meters become interoperable, as we believe was the initial intention, switching should become simpler; customers will have easier access to data which is more accurate and be able to allow others to obtain the data for them. Until that happens some customers are unable to switch to certain suppliers which limits their ability to save.

New technologies could benefit consumers by driving down costs; will we soon be able to generate and store our own energy. We don't know how new technologies fit into the market until they evolve, but we do see the need for the market to be flexible to allow innovation and adaptability. Will FIT be replaced, or will battery storage become the norm in those households? Could I join a neighbourhood group that generates and shares energy to ensure its potential is maximised?

3. Network preparedness and performance

Along with new technologies we need the existing network to continue to function well and provide a stable service. Many of us only consider 'suppliers' to be part of our energy supply without really understanding that they're only part of the story. A cost effective network will allow suppliers to keep their pricing lower and deliver added services to benefit consumers.

4. Excellence in statutory and core functions

Energyhelpline believes that as well as being important for continued supply, a reliable network is vital for vulnerable customers. This is highlighted by the fact that by mid-2017, around 2.8 million single parent families and 3.8 million households were of people aged 65 or over living alone.

The Warm Home Discount Scheme does a lot to help these vulnerable customers in the worst financial situations, though it can also act as a barrier to switching. One of the problems customers face is not knowing whether they'll be accepted even if the supplier is part of the scheme (non-core customers), and the risk of switching and losing the WHD is too great. Having standardised eligibility criteria would help in this respect so that customers could have confidence that they meet the criteria for any supplier and would only need to check if the supplier is still taking on WHD customers in order to decide whether to switch. Switching might save more money overall, it doesn't provide the benefit of a one off payment when bills are at their highest.

Furthermore, the uncertainty around Brexit, particularly as a withdrawal deal is not yet in place, is a worry for customers. As an industry, this lack of clarity is concerning though the greatest impact could be on the most vulnerable, who will suffer the most if a lack of supply increases prices.

These issues highlight the importance of the disengaged customer database initiative, as it provides a route to help consumers, including some of the most vulnerable, find a more competitive deal.