Report

# Ofgem's Collective Switch Trials


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| **Publication date:** | 27 September 2019 | **Contact:** | Annabelle Bonus, Senior Behavioural Insight Practitioner |
| | | **Team:** | Office for Research and Economics |
| | | **Tel:** | 020 7901 9822 |
| | | **Email:** | Annabelle.Bonus@ofgem.gov.uk |


This report outlines the methodology and results of Ofgem's five Collective Switch Trials conducted in 2018 and 2019. These trials are part of a wider trialling programme designed to explore ways of increasing consumer engagement in the domestic retail energy market.

The trials tested whether sending disengaged energy customers a series of letters highlighting potential savings, signposting to an exclusive tariff, and offering support with switching can increase rates of customers choosing to switch tariff. The intervention is designed to make the process of switching as simple as possible.

The results of these trials show that this intervention can have a substantial impact on a customer's decision to switch tariff. A shorter summary of the trials is available in slide pack form on the Ofgem website.

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# Executive Summary

## Prompting engagement in energy tariff choices

### Findings from five randomised controlled trials

This report outlines the methodology, results and conclusions from Ofgem's Collective Switch trials. These were a series of randomised controlled trials, which tested the impact of an intervention designed to increase energy tariff switching rates. The intervention was a series of three letters sent to customers who had been on a default energy tariff for three years or more.

### Background

Although there has been an increase in consumer engagement in energy tariff choices in recent years, around 50% of GB customers remain on a default tariff, which tend to be more expensive for the same energy consumption than other types of tariffs.[1]

Ofgem's consumer engagement trialling programme[2] began in 2016 following the Competition and Market's authority (CMA) investigation into the energy market. [3] Building on previous consumer engagement research, it was designed to find new ways of increasing consumer engagement in the domestic retail energy market, using new licence powers that allowed Ofgem to require energy suppliers to take part in trials.[4]

We know that consumers face a range of barriers, both conscious and unconscious that prevent many of them engaging in their energy tariff choices. Previous trials in this programme, such as the Cheaper Market Offers Letter trial,[5] demonstrated that a single letter, signposting customers to three cheaper tariffs on the market had a positive, if modest, impact on engagement. Building on this Ofgem wanted to understand how to drive

[1] As of April 2019, 53% of electricity customer accounts and 51% of gas accounts excluding customers on prepayment, were on default tariffs. See Ofgem's data portal
[2] https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/how-switch-energy-supplier-and-shop-better-deal/prompting-engagement-energy-tariff-choices
[3] https://assets.publishing.service.gov.uk/media/5773de34e5274a0da3000113/final-report-energy-market-investigation.pdf
[4] https://www.ofgem.gov.uk/publications-and-updates/implementation-standard-licence-condition-32a-power-direct-suppliers-test-consumer-engagement-measures-decision-make-licence-modifications
[5] https://www.ofgem.gov.uk/publications-and-updates/results-cheaper-market-offers-letter-trial

further engagement, particularly among the 'stickiest' of customers, ie those least engaged with their energy choices who had been on a default tariff for a considerable length of time (more than three years). The Collective Switch was tested as a potential service to be delivered through the disengaged customer database.[6] In July 2018, the UK Parliament passed legislation introducing a price cap to ensure default tariff customers pay a fair price for their energy, which came into force in January 2019. The majority of the Collective Switch trials detailed in the report took place before the introduction of the cap, with the exception of one, which was intentionally designed to assess how the Collective Switch intervention would work in the context of a default tariff cap being in place.

**Trial design**

There were five Collective Switch trials, which took place with three different energy suppliers over a period of a year. The trials all tested the same intervention, but had different aims:

- The first trial tested the efficacy of the Collective Switch intervention when sent from different messengers – the customer's current supplier or Ofgem
- The second trial tested the impact and feasibility of the Collective Switch at scale and against a variation of the intervention which did not include the exclusive tariff
- The third trial was the same as the second, but with a different supplier and after the introduction of the default tariff price cap[7]
- The Small and Medium supplier trial tested the impact of the size and brand of the supplier offering the exclusive tariff
- The Reengagement trial tested the impact of sending customers who did not choose to switch in the first trial, a second set of Collective Switch letters.

**Intervention design**

The Collective Switch intervention builds on the other communications based interventions in the Consumer Engagement programme, such as the earlier Cheaper Market Offer Letter

[6] https://authors.ofgem.gov.uk/publications-and-updates/energy-customer-database-update-open-letter

[7] The default tariff price cap was introduced in January 2019 by Ofgem. It sets maximum prices per unit of energy for customers on default energy tariffs: https://www.ofgem.gov.uk/energy-price-caps/consumers

trial.[8] Whilst other trials in the programme reduced the hassle of searching the market by signposting to cheaper offers, the Collective Switch intervention went further to reduce the hassle, or perceived hassle, of the switching process itself. While they tackle the same key barriers to switching (customer inertia and the perception of hassle) the Collective Switch goes further in applying behavioural science to remove as many steps from the switching process as possible.

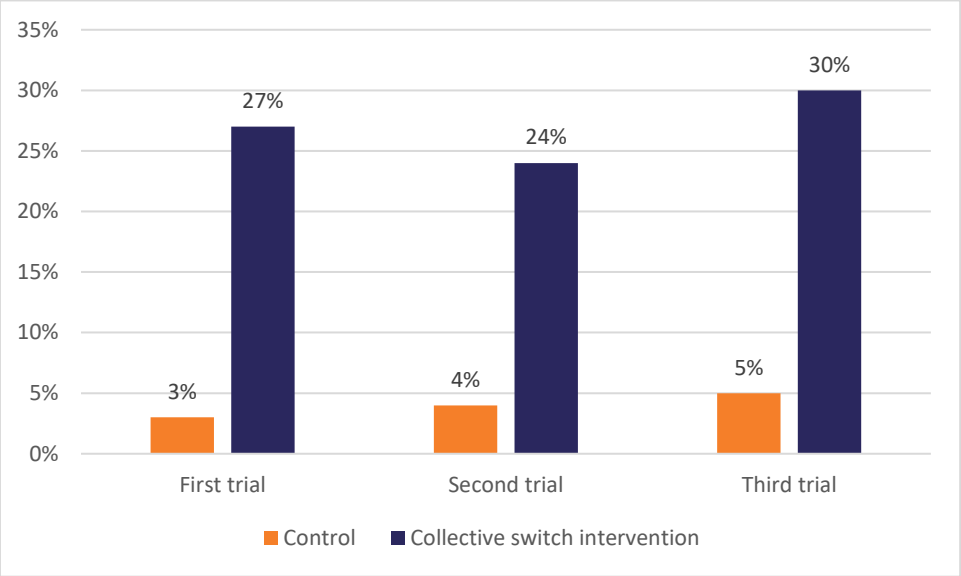
It does this by signposting customers to an independent price comparison service, energyhelpline, and provides their contact details if customers want advice and help with the process of switching.[9] The letters offer customers the chance to access a tariff not available on the open market as part of a Collective Switch. This tariff is only available for a limited amount of time meaning there is a clear deadline when customers have to take action by. The customer's consumption and current tariff data are shared with energyhelpline, so all the information the customer needs to supply is their name and postcode.

**Results**

The results of these trials showed that customers who receive the Collective Switch letters are far more likely to switch energy tariff than those in a control group who do not receive them. This finding was consistent across all five trials[10] which took place at different times of year and with different energy suppliers. This means we can be really confident in this finding. Figure 1 below shows the impact of the intervention in the three main Collective Switch trials.

[8] For more details see the full CMOL report
[9] Energyhelpline were chosen to participate as the consumer partner in this trial following a competitive process
[10] This chart is intended to be indicative of the impact of the intervention. The trials were not designed to be directly comparable.

Figure 1: Switching rates in the three Collective Switch trials




[11]

**Conclusions**

The results of these trials prove that the Collective Switch intervention can have a substantial impact on switching among customers who have not switched energy tariff for many years, and can be delivered at scale. They show that it is effective regardless which supplier offers the exclusive tariff. It works for customers on the priority services register[12], and there is evidence that it encouraged older and retired customers to switch tariff. There is strong evidence that the presence of the exclusive, named tariff increases customers' likelihood to switch.

Evidence from the smaller collective switch trials show that even customers who don't switch after a collective switch intervention may do so if recontacted with another offer six months later. We also know that the branding of the supplier offering the exclusive tariff impacts on switching, and that if the intervention doesn't contain the exclusive tariff at all then the impact of the intervention is lower.

[11] Note, that this chart displays the impact of the Collective Switch intervention sent from a customer's incumbent supplier. These trials took place with different suppliers at different times of year and are not directly comparable.
[12] The Priority Services Register is a way of energy suppliers identifying customers who may need additional support and offering them additional services

Factors which appear to have contributed to the success of the intervention include:

- A short, simple, action focussed letter
- Salient, personalised savings
- Reducing tariff choice
- Ofgem's endorsement
- Switching support provided by an independent third party
- Offering support by phone as well as online
- Reminding customers
- Giving customers a deadline to take action by
- Making it simple for customers- sending consumption and tariff information directly to a switching service

Given the success of these interventions, we are currently exploring what role collective switches may play in the future energy market. We are consolidating our learnings and considering options for how best to take them forward.

# 1. Introduction

## Context: Ofgem's Consumer Engagement Programme

1.1. In 2016, the Competitions and Markets Authority (CMA) concluded that the British energy market is a two-tier market, in which a large proportion of customers on Standard Variable Tariffs (SVT) pay substantially more for their energy than those customers who switch regularly between supplier's competitive acquisition tariffs (usually, fixed term tariffs). [13]

1.2. Although there has been an increase in consumer engagement in energy tariff choices in recent years, around 50% of GB customers remain on a default tariff, which tend to be more expensive for the same energy consumption than other types of tariffs.[14]

1.3. In July 2018, the UK Parliament passed legislation introducing a price cap to ensure default tariff customers pay a fair price for their energy, which came into force in January 2019. While price protection is in place for those that need it most, many customers can still make savings from switching tariff.

1.4. The CMA Final Report included a package of remedies to address weak customer response in the energy market. The remedies included a recommendation that Ofgem establish an ongoing programme of research (using randomised controlled trials (RCTs) where appropriate) to identify new and more effective ways of prompting consumer engagement in the retail market.

1.5. Following this, and building on previous engagement work, Ofgem set up the consumer engagement trialling programme.[15] We established a Behavioural Insights Unit to

[13] Whilst there a wide variety of tariffs open to GB domestic energy customers, they tend to fall into two broad types: The first is competitive acquisition tariffs, which tend to be for a fixed term of between one and three years. These tariffs are those where the price per kilowatt hour (kWh) of energy is fixed for the duration of the contract. The other type is a default tariff, which tend to be SVTs. With a SVT tariff the cost per kWh can go up or down, and there is no end date. An individual customer's cost of energy will vary with their consumption, but generally, a customer on an SVT will spend more on energy than one with the same consumption on a fixed term tariff. For simplicity, in this report, we will refer to the first type of tariff as 'fixed term' tariffs, and the second type as 'SVTs'.

[14] As of April 2019, 53% of electricity customer accounts and 51% of gas accounts excluding customers on prepayment, were on default tariffs. See Ofgem's data portal

[15] https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/how-switch-

provide capability to conduct trials and put in place new licence powers that allowed Ofgem to require energy suppliers to take part in trials to test methods of increasing consumer engagement in the energy market. [16][17]

1.6. We know that consumers face a range of barriers, both conscious and unconscious that prevent many of them engaging in their energy tariff choices. The overall aim of the Consumer Engagement programme is to identify what works in overcoming these barriers and increasing engagement in customers' energy tariff choices. It is not about getting every customer to switch, but about prompting customers who may want to save money on their energy, but are prevented from doing so by various barriers, and helping them overcome those barriers.

1.7. The Collective Switch trials described in this report form part of a programme of ten trials that Ofgem has developed over the past three years under the this programme.[18]

1.8. Previous trials, such as the Cheaper Market Offers Letter trial,[19] demonstrated that a single letter, signposting customers to three cheaper tariffs on the market had a positive, if modest, impact on engagement. Building on this Ofgem wanted to understand how to drive further engagement, particularly among the 'stickiest' of customers, ie those least engaged with their energy choices who had been on a default tariff for a considerable length of time (more than three years). The Collective Switch was tested as a potential service to be delivered through the disengaged customer database.[20]

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energy-supplier-and-shop-better-deal/prompting-engagement-energy-tariff-choices

[16] https://www.ofgem.gov.uk/publications-and-updates/implementation-standard-licence-condition-32a-power-direct-suppliers-test-consumer-engagement-measures-decision-make-licence-modifications

[17] https://www.ofgem.gov.uk/system/files/docs/2017/01/slc_32a_decision_final_website.pdf

[18] For details of the other trials in this programme see - https://www.ofgem.gov.uk/publications-and-updates/what-works-increasing-engagement-energy-tariff-choices

[19] https://www.ofgem.gov.uk/publications-and-updates/results-cheaper-market-offers-letter-trial

[20] https://authors.ofgem.gov.uk/publications-and-updates/energy-customer-database-update-open-letter

1.9. Ofgem has completed five Collective Switch trials. This report covers all five trials, although results from the first were released in 2018. [21] The five trials were with three energy suppliers and took place from February 2018 to April 2019. While each trial tested the same intervention, the aim and context of each trial varied.

1.10. The following sections outline the design of the intervention, the research method, the trial results, and finally, the conclusions from these trials.

[21] https://www.ofgem.gov.uk/publications-and-updates/active-choice-collective-switch-trial-final-results

# 2. Collective Switch – intervention design

**Section summary**

This section covers the barriers customers can face to engaging in their energy choices and how we used an understanding of customer behaviour to develop the Collective Switch intervention.

## Barriers to engagement

2.1. Almost all domestic energy customers are aware they can switch tariff[22] and there is information about switching available on energy bills, and on price comparison websites. An average customer could save over £300 by switching tariff.[23] Despite these level of savings, and the information, around 50% of customers remain on more expensive default energy tariffs.[24] This is not because most of these customers are trying to change tariff and failing, they simply are not engaging in the first place- these customers are disengaged from their energy tariff choices.

2.2. Energy is an inherently complex market for many customers to navigate. Research with energy customers has shown there are multiple, complex reasons why they do not engage with their choices around their energy tariff.[25] These barriers lead to customers making sub-optimal decisions and remaining on more expensive default tariffs. For example, there are conscious barriers such as switching costs – the real or perceived costs of time, effort and money that a consumer incurs when changing supplier. When customers are asked about their barriers to switching tariff, common responses include:

- That switching is a hassle and will take a lot of time and effort
- Confusion about the type of tariff they are on and what this means for their annual energy spend

[22] Ofgem, 2018, Customer Engagement Survey
[23] The saving will depend on the customer's original tariff and consumption. See Ofgem's data portal for more information on price differentails.
[24] As of April 2019, 53% of electricity customer accounts and 51% of gas accounts excluding customers on prepayment, were on default tariffs. See Ofgem's data portal
[25] See Ofgem's annual Consumer Engagement survey for more details

- A lack of trust in unfamiliar suppliers

2.3. There will always be customers who make a considered decision to remain on a default tariff. There are also unconscious barriers that customers may not be aware of, or mention when asked in surveys, which prevent them making optimum decisions. Decision making is complicated, and humans use mental short cuts, or heuristics, to help make decisions and prioritise our time. Factors such as human's tendency to stick with the default option, or finding it hard to make decisions when tired or stressed, can lead to sub-optimal decisions. Understanding these biases, and testing interventions to overcome them is known as behavioural insight, a discipline which grew out of psychology and behavioural economics, and has grown in use across the UK Government over the last decade.[26]

## Developing the Collective Switch intervention

2.4. The Collective Switch intervention was designed to address a number of these barriers concurrently. It builds on Ofgem's earlier trials, such as the Cheaper Market Offers Letter trial, which tested the impact of sending personalised communications to customers on default tariffs. The communications highlighted that the customer was on a more expensive tariff and sign posted three cheaper deals available from across the market. [27] The results of these trials were promising, and showed a statistically significant impact on switching rates as a result of the letters.[28]

2.5. The Collective Switch intervention went further than our previous trials. Instead of simply reducing the hassle of searching the market by signposting to cheaper tariffs, the Collective Switch intervention reduced the hassle, or perceived hassle, of the switching process itself. It was designed using insights from behavioural science about why people do not always behave rationally. The below table gives some examples of how behavioural insight was used in the development of this intervention.

[26] For a simple introduction to behavioural insight and examples of its use see the EAST framework https://www.behaviouralinsights.co.uk/wp-content/uploads/2015/07/BIT-Publication-EAST_FA_WEB.pdf
[27] For more information on the programme of trials, please see - https://www.ofgem.gov.uk/publications-and-updates/what-works-increasing-engagement-energy-tariff-choices
[28] For full results of the CMOL trial see https://www.ofgem.gov.uk/publications-and-updates/results-cheaper-market-offers-letter-trial

Table 1: Behavioural insights applied in the design of the collective switch intervention

| Behavioural biases in energy choices | Application of behavioural insight in the Collective Switch intervention |
|---|---|
| Status quo bias- people tend to go with the flow and stick to whichever decision is the default. In energy tariffs, once on an SVT tariff, the default is for the customer to remain there if they take no action. | By expending no effort at all, the customer will remain on the default tariff. To overcome inertia, behavioural science suggests the alternative action needs to be attention grabbing and as easy as possible to complete.[29] In the Collective Switch intervention, the switching process can be as simple as phoning to energyhelpline and opting for the exclusive tariff. |
| Choice overload- energy is a complex market with many tariffs available from multiple suppliers. The language isn't always clear which contributes to choice overload, for example many customers may not understand what 'standard variable tariffs' are | Simplifying complex choices to a few options can vastly improve decision making. In the Collective Switch, customers are signposted to one alternative tariff. Using simple, reassuring language can help provide clarity to a seemingly complex issue and help customers make decisions. |
| Procrastination- people are busy and have many competing priorities for their time and focus. Saving money by switching energy tariff may be something many people intend to do, but do not actually get around to. | Helping people plan their behaviour, reminding them of their intentions and giving them deadlines are all ways of overcoming procrastination. In the Collective Switch intervention we included the steps they needed to complete to switch in a simple sequence to help them plan their next step. We also included a clear deadline. |

[29] For an introduction to applying behavioural science, and the back ground literature, see the EAST Framework https://www.behavioural insights.co.uk/wp-content/uploads/2015/07/BIT-Publication-EAST_FA_WEB.pdf

| | |
|---|---|
| Time inconsistency- customers may perceive the time needed to search the market as outweighing the potential monetary savings offered by switching tariff | People tend to give more weight to short-term issues rather than long-term ones, and therefore they may perceive the short-term hassle of needing to find a new energy tariff as outweighing the long-term gains from switching tariff. By reducing the short-term hassle, as the Collective Switch intervention does by signposting to a switching service, the long-term gains may seem more attractive. |

2.6. Collective Switch tariffs are not available on the open market and are generally available for a limited amount of time. Normally, when a customer wants to join a Collective Switch they need to make an active choice to contact the organisation running it, and provide details of their energy consumption etc. What makes Ofgem's Collective Switch different is that all the necessary information was transferred from their incumbent supplier directly to energyhelpline, the third party intermediary. The customers had the chance to opt out of this data transfer, but the default is that it occurs and they are then offered the opportunity to access the exclusive tariff.

2.7. In the case of Ofgem's Collective Switch, participants were randomly selected out of all the eligible customers of one the larger energy suppliers (who had been selected by Ofgem to participate in the given trial). They then had an opportunity to opt out of the scheme after the first communication, and then their consumption and tariff details were automatically passed to a third party price comparison website. Therefore, if the customer contacted the third party, all those details would already be there.

## Selecting suppliers

2.8. Before commencing these trials, Ofgem organised a process for identifying an energy supplier to run the trial with, based on our standard process for these types of trials. [30] This process was followed for the First, Second and Third Collective Switch trials. Suppliers were selected according to the selection criteria for mandatory supplier testing, which included

[30] https://www.ofgem.gov.uk/publications-and-updates/decision-selection-criteria-mandatory-supplier-testing-measures-promote-domestic-consumer-engagement

their customer base and proportionality. Suppliers were requested to provide representations, which were taken into account during selection process. For the Reengagement and Small and medium supplier trials we wanted to partner again with the supplier from the First trial to allow us to answer particular research questions. In all cases, Ofgem issued Directions under licence condition 32A (which allows Ofgem to require suppliers to participate in the Consumer Engagement trials).

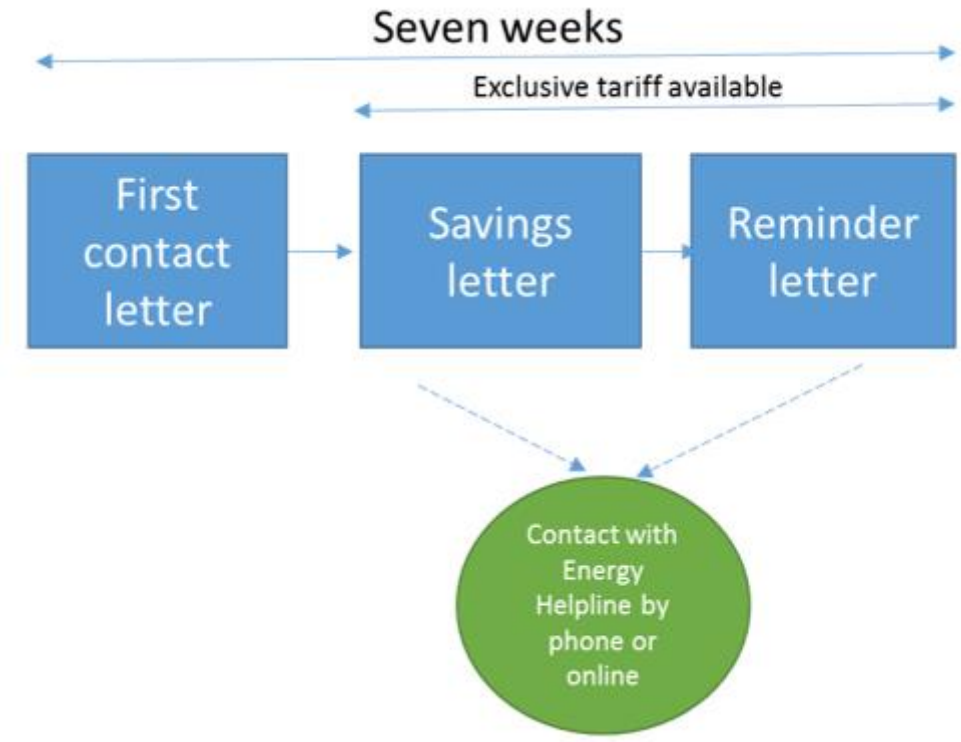
2.9. The Collective Switch intervention was designed by Ofgem analysts and policy experts. It was designed with behavioural barriers and biases in mind, and was intended to make the switching process as easy and simple as possible. It was conceived as a primarily communications based prompt, and it was decided to make it letter only (regardless of the customer's existing preference for receiving communications from their supplier) to minimise complexity in the delivery of the trial, and to maximise reach (as we know that some customers are not digitally engaged). It was decided that three letters would be optimal, the first to give participants the chance to opt out of having their data shared with energyhelpline, the second to deliver the key message, and the third to act as a reminder.

2.10. The Collective Switch intervention underwent substantial user testing as it was developed and refined in early 2018. This included focus groups and three rounds of qualitative interviews with customers who had been on default energy tariffs for over three years. In total, this research involved 48 customers. It was during this user testing that it was decided not to refer explicitly to collective switching in the letters, as participants found the term and accompanying text confusing. It was agreed that referring to an exclusive deal would be easier to understand and would not mislead customers. Following feedback from the users about the amount of text in the letters, we decided to include graphics to make the information more salient. The letters also were reviewed and improved by an external copywriter and graphic designer.

## The final Collective Switch intervention

2.11. From the customer's point of view, the Collective Switch intervention is simply three letters. However, it has a number of elements the customer have no involvement in, including the negotiation of the exclusive tariff, the sharing of their data with energyhelpline, and the procurement of a trusted consumer partner. See figure 2 for a diagram showing what the intervention looks like from the customer's perspective.

Figure 2: Intervention from the customer's perspective




2.12. However, the intervention was more complex than three letters seen by the customer. See Appendix 2 for a diagram showing the actions carried out by Ofgem and energyhelpline 'behind the scenes'.

**The first contact letter**

2.13. This letter (copy in Appendix 1) told customers that they were currently on one of the most expensive types of energy deals, and that they were eligible for an exclusive tariff. They were told to expect a letter from energyhelpline with their savings and next steps. Customers were given the option to opt out if they did not wish their details to be passed to energyhelpline.

2.14. Behavioural insight techniques included in this letter included:[31]

[31] For a discussion of behavioural economics and the retail energy market see here

- Trusted messenger: People are more likely to respond to messages from organisations or individuals they trust. In this case, the letters came from either Ofgem or the customer's current supplier
- Signposting next steps: People can feel overwhelmed by the number of steps involved in switching energy tariff. Breaking down the process into steps and being clear that the actions the customer need to take are minimal was intended to make the switching process seem less onerous.
- Personalisation: People are more likely to respond to messages that feel personal to them
- Priming: People tend to put off actions, even if they intend to complete them. By priming them to expect a further letter about savings, they may be more receptive to the message when it arrives
- Anchoring: People often don't know how much they could save by switching energy tariff. Providing an average annual saving that customers like them could make by switching to a fixed tariff gives the customer an 'anchor' they can use to judge the value of making a switch themselves. [32]

**Savings letter**

2.15. This letter (copy in Appendix 1) was co-branded between energyhelpline and the customer's incumbent supplier (or Ofgem in one arm of the first trial). It gave the customer a personalised savings figure based on how much they would save over a year by switching to an exclusive tariff. It provided details of the exclusive tariff, options for accessing it and a deadline for doing so. It also included all the information they would need should they wish to switch without using energyhelpline, such as the name of their current tariff and consumption information. It also mentioned Ofgem's role in the service.

2.16. Behavioural insight techniques in this letter included:

- Scarcity: People tend to place a higher value on things they believe to be in short supply. The letter highlighted the fact the exclusive tariff was only available to a selected group of customers and time limited.

[32] This average amount varied between the trials as new data became available

- Personalisation: Customers were addressed by name and given personalised savings levels based on their current consumption and tariff.

- Short and simple: Unlike some communications from energy suppliers, this letter was two pages long and written in clear, simple language.

- Choice overload: Too much choice can be overwhelming and lead to indecision. In this intervention, whilst reference is made to the variety of tariffs available on the market, the only one named is the exclusive tariff.

- Action focused: Drawing attention to a target behaviour makes it easier for people to understand what you want them to do. Here, the target behaviour 'switching your energy deal' is highlighted in the first line of the letter.

- Reassurance: Details of the service rating of the supplier of the exclusive tariff are included, as is the potential to speak to a 'friendly' advisor.

**Reminder letter**

2.17. The purpose of this letter (copy in Appendix 1) was to remind customers who may have been interested in switching tariff following the first or second letters. It was sent close to the closing date of the exclusive tariff.

2.18. Behavioural insight techniques in this letter included:

- Reassurance: specifically, that the customer's payment method does not need to change and the simplicity of switching.

- Deadline: provides a sense of immediacy and a focus for taking action.

# 3. Collective Switch - trial design

**Section summary**

This section details the design of the five Collective Switch trials. It begins by summarising the trials, then explains the commonalities in the design of all the trials, before outlining the methodology of each of the five trials in detail.

## Summary of trial design

3.1. All the Collective Switch trials were designed as Randomised Controlled Trials (RCTs). A RCT, or simply, a trial, is considered the 'gold standard' of evaluation methodologies. [33] It allows the researcher to identify whether an intervention works or not, and determine how effective it is. It involves a group of trial participants being randomly selected from a wider population, and then randomly being allocated to different treatment groups. After the trial, the outcomes of the participants in those different groups are compared against a control group who receive no treatment.

3.2. Although all the Collective Switch trials were similar in design, each had different aims, and subsequently slightly different designs.

3.3. This section summarises the factors the trials had in common, before providing details about the design of the individual trials.

3.4. Commonalities in the design included: the (planned) duration of the trial, the outcome measure (the customer's decision to switch tariff); the format of the intervention (three letters over seven weeks) and target audience (customers on default tariffs for three years or more). The key elements of the design remained identical.

3.5. The Collective Switch trials were five trials with three energy suppliers, which took place at different times over a year. Table 2 summarises the trials.

[33] By the Treasury's evaluation guidance, the Magenta Book https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220542/magenta_book_combined.pdf

Table 2: Summary of collective switch trials design

| Trial | Supplier | Main aim | No. of arms | No. of participants | Pre or post price cap | Date in field |
|---|---|---|---|---|---|---|
| Collective switch 1 | Supplier A | -efficacy of Collective Switch<br>-impact of the messenger | 3 | 55,000 | Pre | March/ April 2018 |
| Collective switch 2 | Supplier B | -efficacy of Collective Switch at scale<br>-impact of Collective Switch compared to an open market intervention | 3 | 105,000 | Both[34] | October/ December 2018 |
| Collective switch 3 | Supplier C | -efficacy of Collective Switch at scale<br>-impact of Collective Switch compared to an open market intervention<br>-impact of the price cap | 3 | 105,000 | Post | January/ March 2019 |
| Reengagement | Supplier A | -Impact of re-contacting participants from Collective Switch1 six months after the first intervention | 2 | 5,140 | Pre | October/ December 2018 |
| Small and medium supplier | Supplier A | -Impact of restricting the Collective Switch tariff to a small or medium supplier | 2 | 2,750 | Pre | September/ November 2018 |

[34] The default price cap was introduced by Ofgem in January 2019. However, energy suppliers developed and released their new default tariff prices to price comparison websites in November 2018, who subsequently used them to generate quotes and comparisons.

3.6. Each of the trials tested the same format and sequence of Collective Switch letters sent to participants over a seven week period. Details of the letters can be found in section two of this report, but in summary:

- Letter one: the first contact communication- announcement of the forthcoming offer plus opt out option
- Letter two: Savings letter - projected savings and prompt to contact energyhelpline (the price comparison website acting as a consumer partner in these trials)
- Letter three: Reminder letter- with projected savings and a clear deadline

3.7. The aim of these trials was to test the efficacy of the Collective Switch intervention on disengaged energy customers. This means that only customers who had been on a default tariff with one supplier for over three years would be eligible for the trial.

3.8. Ofgem developed eligibility and ineligibility criteria for participation in the trial which were shared with partnering energy suppliers before the trials. Suppliers were then asked to select a sample of their customers accordingly. Some customers were excluded to simplify the delivery of the trial or because these customers would not have been eligible to switch to the exclusive tariff.

3.9. Customers that were eligible for the trials included:

- Those on standard variable tariff for three years or more
- Dual fuel customers or electricity-only household on economy 7 tariff version
- Customers with two standard meters (for dual-fuel customers)
- Economy 7/White Meter 1 meters (for single-fuel electricity-only customers)
- Customers on the priority services register[35]

[35] This is a service where energy suppliers provide additional support and services to customers identified as being in greatest need: https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/extra-help-energy-services/priority-services-register-people-need

3.10. Customers that were ineligible for the trials included:

- Customers who have requested large print communications
- Customers who have opted out of direct marketing from their supplier
- Customers who have non-standard meters that are not Economy 7 or White Meter 1 (including Smart and prepayment meters)
- Customers who have a prepayment meter
- Customers who get Warm Home Discount
- Unoccupied home which use less than 25kWh energy per year
- Customers who are involved in another trial during the period of this trial
- Customers who buy their energy as part of a bundle service (ie. with their insurance or other service)
- Non domestic energy customers

3.11. In all the trials, the randomisation was carried out by the participating supplier following instructions provided by Ofgem as part of official directions.

3.12. Balance checks were carried out before each of the trials to ensure the randomisation had resulted in a sample which was representative of the overall population and to confirm that the trial arms were similar to each other with respect to key customer characteristics. In all cases these were carried out by the Behavioural Insights Team, working under contract to Ofgem.

3.13. Analysis plans for each of the trials were developed by internal Ofgem analysts, and in the case of the first trial, quality assured by analysts at the Behavioural Insights Team. The data analysis was carried out by Ofgem analysts in line with these plans. Quality assurance of the analysis of each of the trials was carried out internally once the initial analysis was completed.

3.14. All trials were analysed using a modified intention to treat approach. [36] Intention to treat is a term used to describe a way of analysing trial data where every participant who is randomised into the sample is included in the analysis, regardless of whether they were treated according to the trial protocol. After discussion with a member of Ofgem's academic panel, it was decided to adopt a modified approach where only participants that were treated as planned in the protocol would be included in the analysis. Therefore, participants who were treated but not as expected (for example, if the data used to generate their savings letters was incorrect), participants who were erroneously included in the sample (for example, non-domestic energy customers) or those who became ineligible after the sample was drawn but before the first letter was sent (for example, it they switched of their own accord) were excluded. This approach was felt to give a more accurate representation of the potential impact of the intervention.

3.15. In all the trials, the outcome measure was the customer's intention to switch energy tariff. This was defined as the customer either raising a loss notification or requesting to switch tariff with their incumbent supplier, for either one or both fuels, during the defined switching period (which is defined as the point the first letter arrived with customers to the date the Collective Switch tariff closed). This definition applies to both the control group and the treatment group. We did not measure whether the switch completed or not, as occasionally switches are cancelled due to factors beyond the customer's control.

3.16. During the first trial, it was bought to Ofgem's intention by the partner supplier that external switches (ie. switched to a tariff with a competitor) took longer to record on their data systems than internal ones. In fact, there was often a lag of several days between a customer requesting a switch and it being recorded as such. We analysed the time between customers requesting a switch from energyhelpline and it being recorded by the incumbent supplier, and the average time was four days. Therefore, we took the decision to extend the switching window for external switchers to four days past the deadline in all the trials.

3.17. Suppliers were requested to provide aggregate data of the trial participants to energyhelpline several weeks ahead of customers being contacted. This enabled energyhelpline to notify suppliers about the upcoming auction and then negotiate the Collective Switch tariffs. Only suppliers who had Citizen Advice rating of 2.5 stars or above were eligible to bid. After several rounds of bidding on different categories, the most

[36] See a review of the modified ITT approach here: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3159210/

competitive tariffs were selected. The auction had different outcomes across the trials and bidding categories, sometimes the exclusive tariff was not market leading but in some instances it was the cheapest in the market. Different suppliers won the auction each time.

3.18. The Collective Switch intervention relies on Ofgem partnering with a third party price comparison site to help customers switch and provide access to the exclusive tariff. Ofgem held a competitive process to identify a suitable partner, and the contract was awarded to energyhelpline.

3.19. An internal ethical review was carried out before each of the trials and qualitative research. The qualitative research was commissioned to a research agency, who provided details of how they would mitigate any ethical risks to Ofgem before the research started.

3.20. Qualitative research with participants was done after the first and second trials, as well as the Small and medium supplier and Reengagement trials. In both cases, Ofgem commissioned the research to the research agency DJS. The results from this qualitative research are included in the next chapter of this report, however, the full reports can be found on Ofgem's website.[37]

The second and third Collective Switch trials were designed to test an 'open market' variation of the Collective Switch. This was a very similar intervention, with three letters sent at identical points in time to the Collective Switch letters. The main difference to the Collective Switch intervention is that it does not sign post customers to the exclusive tariff, rather it highlights the potential savings the customer could make by switching to the cheapest tariff that energyhelpline offered at the point the letter was generated. This was so we could isolate the impact the presence of the exclusive tariff has on switching.

3.21. Data collection was similar in all five trials:

- The partner supplier randomly selected three groups of customers in line with the guidance provided by Ofgem
- Partner supplier provided Ofgem with balance and representativeness data

[37] https://www.ofgem.gov.uk/system/files/docs/2018/11/cs1_qualitative_report_for_publication_0.pdf and https://www.ofgem.gov.uk/publications-and-updates/second-collective-switch-trial-qualitative-findings

- Ofgem, or analysts in the Behavioural Insights Team[38] working under contract with Ofgem, completed balance checks and advised the supplier which sample was the most balanced

- The supplier and energyhelpline sent weekly, aggregated reports on switching levels and the numbers of complaints, and opt outs back to Ofgem

- The supplier and energyhelpline submitted a detailed, individual level data return to Ofgem around four weeks after the exclusive tariff closed, via a formal request for information. [39]

- Ofgem analysts merged this data using a unique customer level identifier.

- Ofgem sent requests for information to approximately 90% of the competitor suppliers who gained customers during the trial, which was primarily intended to gather data on the savings made by customers who chose a tariff with a new supplier and did not go through energyhelpline.

3.22. Randomised Controlled Trials (RCTs) are designed to detect statistical differences between two or more interventions. To be able to draw robust conclusions from an RCT, the trial needs to be conducted with a sufficient sample size. If the sample size is large enough, there can be confidence that the effect of the intervention is not due to chance. To calculate this sample size, Ofgem used 'power calculations' based on a number of assumptions. If we then carry out the trial with this sample size, we can consider the trial well powered. Generally, RCTs are designed to identify differences in impact between an intervention arm and a control arm. If there are multiple treatment arms, and we want to compare the impact between those arms (ie. not just between one intervention arm and the control arm) then we will need more participants to make the trial well powered. If we think there will be a substantial difference in impact between trial arms, then a smaller number of participants will be needed. Conversely, if we think there will be a smaller impact, or we are only interested in detecting a smaller impact, then more participants will be needed.

[38] Ofgem analysts completed the balance checks for the first trial, and Behavioural Insights Team analysts did them for the other four
[39] This is a legal process by which Ofgem can request data from energy suppliers about their customers

3.23. Additionally, the unequal control group size in this trial means that more participants are needed in the intervention arms to achieve the same power trial than those with equivalent sized groups. The decision to run these trials with unequal sized trial arms was primarily driven by a desire to minimise the burden on participating suppliers.

3.24. The default price cap came in to place on the 1st of January 2019. [40] This is a temporary cap on default tariffs. Ofgem sets the level of the cap every six months. When planning the Second and Third Collective Switch trials, we originally planned that the second trial would be in field before the introduction of the cap, and the third trial after. This was so we could get an indication of the impact of the cap (and therefore lower potential savings being available to customers) on the impact of the intervention. In practice, the Second trial was delayed which meant we were not able to gather evidence on this as planned.

3.25. The trials were designed as RCTs. This means, they are designed to show the impact of an intervention or treatment against another group of participants who receive something different. In each of the Collective Switch trials, there was a control group who just experienced business as usual and did not know they were part of the trial.

3.26. Even though the intervention tested remained the same (or similar) throughout the five trials, care must be taken comparing the results of the different trials. They took place at different times of the year, with different energy suppliers, had unplanned variations and external events. When reading these results the limitations to each trial must be taken into account.

## First Collective Switch Trial

3.27. The first trial was developed in late winter 2017 and was in field in March/April 2018.

3.28. The participants in this trial were randomly allocated in to three trial arms:

- Supplier arm: A group of customers that received three communications from their supplier and energyhelpline (25,000)

[40] https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/default-tariff-cap

- Ofgem arm: A group of customers that received three communications from Ofgem and energyhelpline (25,000)

- A control group: who received no additional communications aside from the statutory communications from their supplier (5,000)

3.29. The primary research question to be answered in the first Collective Switch trial was: Does the offer of a collective switch increase switching rates among customers relative to a control group that receives no additional intervention over and above standard regulatory communications?

3.30. Secondary impact questions included:

- How does the messenger impact on switching rates?

- Amongst those who switch, what proportion switched to the collective switch tariff offered? What proportion switched internally? What proportion switched externally?

- Does the proportion who switch to the collective switch offer differ by the messenger of the offer?

- To what extent do opt-out rates differ depending on the messenger of the initial opt-out letter?

- What is the impact of the letters on call, email and complaint volumes to the supplier and Ofgem and does this impact differ according to the messenger of the letters?

- Does switching differ if the customer is on the Priority Services Register?

- Does length of time on an SVT affect switching, and does this differ according to the messenger of the offer?

3.31. Questions to be answered by the qualitative research included:

- How do customers react to and use the different communications they receive in the trial?

- Do customers understand the collective switch invitation and reminder letters?
- What are customers' perceptions of the different messengers on the letter, and (how) does this affect their decision to take up the offer?
- How did the customers behave on receiving the letter?

3.32. Power calculations were carried out before the trial began to establish how many participants we would need to be sure that any result was a true reflection of the impact of the letters and not just down to chance. We assumed a baseline switching rate of 1% per month and an attrition rate of 5%[41] (both based on previous Ofgem trials). We assumed 0.05 significance and 80% power[42] in line with other Ofgem trials. In this trial, we designed it to be able to detect a chance in impact of 0.5 percentage points, to reflect that is was a new intervention with a disengaged customer group and we were unsure about its potential level of impact. The control group was a fixed size of 5,000 participants. This gave us a sample size of 24,380 which was rounded up to 25,000 per trial arm.

**Limitations to the First Collective Switch trial**

3.33. The first trial coincided with a period of time when many energy suppliers were raising their SVT prices, including the incumbent supplier involved in the trial. There was substantial media coverage about energy prices and the benefits of switching tariff at this time. As suppliers send affected customers Price Increase Notifications (PIN) around six weeks before the price changes, the PINs would have arrived with customers in the middle of the trial period. [43]

3.34. During the delivery of the first trial, a question was raised about the impact the branding of the envelopes containing the Collective Switch letters and customer behaviour. To allow policy makers to explore this, Ofgem analysts agreed a change to the trial protocol and recommended using an adaptive trial design, with the majority of participants going on

[41] Attrition is when participants leave a trial, either through choice as they opt out of the study, or become ineligible for the intervention, for example by moving house between the sample being drawn and the letters being sent.
[42] Power, or beta, is the term used to describe the probability of detecting an effect from the intervention compared to the control group, assuming the effect is really there. Significance, or alpha, is the term used to describe the probability that an effect occurred by chance alone.
[43] We cannot say exactly when as Supplier A sent their PINs over a two week period, but it would have been around the time trial participants received their savings letters

to receive their Ofgem branded letters in Supplier A envelopes, and a smaller number receiving their letters as originally planned. This was to preserve the integrity of the trial so we could still analyse as originally intended. Participants originally in the Ofgem arm were randomly allocated into either remaining in the Ofgem arm, or a new trial arm where they would receive their Ofgem branded letters in Supplier A branded envelope. New power calculations were done based on the impact of the trial indicated by energyhelpline's weekly updates. They indicated that 4,815 participants should be randomised into the new arm.

3.35. There were some minor changes to the planned timetable of the trial. The first letters were delayed by one day due to poor weather; the second letters were sent out in two batches over two days due to the volume. The deadline for choosing the Collective Switch tariff was clearly stated on the letters (30th April). However, towards the end of the trial, it became clear that demand was overwhelming the capacity of energyhelpline's call centre, and Ofgem decided to keep the tariff open until the 4th May. The analysis plan was subsequently altered to take account of this change.

3.36. A number of customers were excluded from the trial analysis due to either becoming ineligible during the trial or because they had been included in the sample erroneously.

## Development of the subsequent trials

3.37. During the first trial in the Spring of 2018, the weekly updates from energyhelpline and subsequent full data analysis showed that the Collective Switch intervention was having a far greater impact on switching rates than Ofgem had expected. As a consequence, further trials were planned to ensure external validity of the results and to increase our confidence in generalising the results. It was planned that a second large scale trial would take place in autumn 2018, at the same time as two smaller scale trials to answer particular research questions. A third large scale trial was scheduled for the new year in 2019. Planning for these trials happened in summer and autumn 2018.

## Reengagement trial

3.38. After the first trial, there was interest in whether the participants that had not chosen to switch could be encouraged to do so. We wanted to find out what effect sending a new Collective Switch intervention to customers who did not switch during the first trial had on switching rates. Therefore, we designed a new trial to answer this question.

3.39. This was a two arm randomised controlled trial. The sample was selected from the participants in the first trial who had not chosen to switch. Only participants from the trial arm who received the letters from their supplier in the First trial were included. As it was six months later, we also excluded any participant who had moved house, changed tariff, or otherwise now met the exclusion criteria. Participants whose first set of letters was undelivered, or who opted out of the first trial were also excluded.

3.40. Participants were allocated into two trial arms:

- Intervention: Participants received three communications from their supplier, and energyhelpline

- Control: who received no additional communications aside from the statutory communications from their supplier

3.41. The supplier chosen for this trial was the same as the first trial to allow us to answer the primary research question, which was: Are customers who are re-contacted after six months with an offer of a collective switch more or less likely to switch than customers in a control group who only received the original intervention?

3.42. The letters the customers received were identical to those used in the first trial, apart from the tariff signposted on the letter and a mention that they had already been contacted earlier in the year. As this trial took place six months after the first, and the customer's annual consumption would have changed, the amount of projected savings would have also been different.

3.43. Power calculations were used to generate the number of participants that would be needed in this Reengagement trial. We assumed a low base line switching rate of 1% over the trial period (as these are customers who did not switch during the first trial) and a minimum detectable impact of one percentage point. We assumed 0.05 significance and 80% power. [44] We assumed 5% attrition in line with other trials This gave us a total number of 5,140 participants, with 2,570 in each trial arm.

[44] Power, or beta, is the term used to describe the probability of detecting an effect from the intervention compared to the control group, assuming the effect is really there. Significance, or alpha, is the term used to describe the probability that an effect occurred by chance alone.

3.44. When the criteria above was applied to the participants in the first trial, we were left with 13,797 of the original 25,000 customers. Supplier A was asked to randomly draw the sample for the Reengagement trial from this pool of customers and allocate them to the trial arms in line with instructions provided by Ofgem.

3.45. This trial proceeded as planned with no variations, apart from a delayed start date as we had to wait until the Second trial was ready to go into field as these two trials shared a common exclusive tariff.

## Small and medium supplier trial

3.46. One of the outstanding research questions after the First Collective Switch trial was how much of an impact the brand of the exclusive tariff impacted on switching rates. In the first trial, the exclusive tariff was from a large, well known supplier. In this trial, we wanted to test what offering a tariff from a less well known supplier would mean for switching rates. To maximise comparability, we chose to partner with Supplier A, the same supplier as the first trial.

3.47. Power calculations were used to generate the number of participants that would be needed in the Small and medium supplier trial. We assumed a base line switching rate of 2.6% over the trial period (in line with the first trial) and wanted to detect an impact of two percentage points. This was higher than the other trials in this suite, partly as we were more confident in the expected level of impact of a Collective Switch intervention by this point, and partly to minimise the number of participants Supplier A needed to involve in the trial. We assumed 0.05 significance and 80% power. [45] We assumed 5 % attrition. This gave us a total number of 2,502 participants, with 1,251 in each trial arm.

3.48. Supplier A were asked to randomly select 2,502 customers who had been on a default tariff with them for over three years. These needed to be customers who had not been involved in the First Collective Switch Trial. Apart from that, the eligibility criteria remained the same as the First trial.

[45] Power, or beta, is the term used to describe the probability of detecting an effect from the intervention compared to the control group, assuming the effect is really there. Significance, or alpha, is the term used to describe the probability that an effect occurred by chance alone.

3.49. This was a two arm randomised controlled trial. Participants were randomly allocated into two groups:

- Intervention: who received three communications from their incumbent supplier and energyhelpline offering access to a Collective Switch tariff
- Control: who did not receive anything beyond statutory communications from their supplier

3.50. The primary research question to be answered by this trial was: Does the offer of a collective switch from a small or medium supplier increase switching rates among customers relative to a control group that receives no additional information over and about standard regulatory communications?

3.51. This trial ran as planned with no variations.

## The Second trial

3.52. The first Collective Switch trial showed promising results, and Ofgem were keen to explore whether customers from another incumbent supplier would respond in a similar way, and to test the impact and logistics of the Collective Switch when offered to a greater number of customers. We also were interested in finding out market response from competitor suppliers, as well as energyhelpline's capability to handle greater customer numbers.

3.53. One of our outstanding questions from the first trial was how much impact the presence of the exclusive tariff had on the rate of switching. Therefore, the Open Market arm was designed, to offer a similar intervention to the Collective Switch without a named tariff.

3.54. The primary research question to be answered by this trial was: Does the offer of a collective switch increase switching rates among disengaged energy customers relative to a control group that receives no additional information over and about standard regulatory communications?

3.55. Secondary impact questions included:

- How did the impact of the Collective Switch intervention compare to the Open Market intervention?
- Amongst those who switch, what proportion switched to the collective switch tariff offered? What proportion switched internally?
- What were the opt-out rates?
- What are the numbers of complaints and queries?
- What were the characteristics of the customers who switched through Energyhelpline?
- Does length of time with supplier and/or on an SVT affect switching, and does this differ according to the messenger of the offer?
- What would the market response be to the intervention at this scale?
- What capacity does the third party intermediary need to deliver the intervention at this scale?

3.56. Therefore, this was designed as a three arm randomised controlled trial. Participants who met the eligibility criteria were randomly allocated into three groups following Ofgem's instructions:

- Collective switch arm: An intervention group who received three communications from their incumbent supplier and energyhelpline offering access to a Collective Switch tariff (n=90,000)
- Open Market: An intervention group who received three communications from their incumbent supplier and energyhelpline offering access to an Open Market intervention (n=10,000)
- A control group who did not receive anything beyond statutory communications from their supplier (n=5,000)

3.57. The supplier chosen for this trial was a larger energy supplier. They will be referred to in this paper as Supplier B.

3.58. Ofgem also conducted power calculations to ensure the trial was powered sufficiently enough to detect any impact of the interventions tested. In the case of this trial, we wanted to measure any difference between the two intervention arms (as opposed to the first trial where the intervention groups were powered to be compared to the control group only). Therefore, the trial had to be powered sufficiently to ensure that we could detect even a small increase in switching between the Collective Switch and Open Market arms. When planning the second trial, we had evidence from the first trial about the impact of the Collective Switch intervention, but none on how the Open Market intervention would perform. The fixed size control group and unequal allocation ratio between the intervention groups also affected the required sample size. As a key objective of this trial was the operational feasibility of the Collective Switch intervention at scale, it was decided that the majority of the participants should be in the Collective Switch Arm.

3.59. Therefore, when completing the power calculations we assumed a baseline switching rate of 2.6% (based on control group switching in the first Collective Switch). We assumed an impact of 12% in the Collective Switch arm (this is around half as much switching as seen in the first trial, this assumption was made in case the switching rate seen in the first trial was an exception, since it was far higher than seen in other Ofgem trials). We assumed a minimum detectable impact of one percentage point between intervention arms. We assumed 0.05 significance and 80% power.[46] We assumed 5% attrition. These calculations suggested we needed 9,640 participants in the Open Market arm, which we subsequently rounded up to 10,000, and 86,760 in the Collective Switch arm, which was rounded to 90,000. These assumptions were made in the design phase of the trial and were as accurate as possible. Since the Second and Third trials were designed to be identical, these power calculations refer to the Third trial too.

**Limitations**

3.60. There were a number of variations to the planned design of this trial. This trial was scheduled to start in September 2018. Delays to the start of the trial meant that that the first contact letters were sent three weeks later than planned.

[46] Power, or beta, is the term used to describe the probability of detecting an effect from the intervention compared to the control group, assuming the effect is really there. Significance, or alpha, is the term used to describe the probability that an effect occurred by chance alone.

Table 3: Dates letters were sent

| | Date planned | Date sent |
|---|---|---|
| First contact letters | 20th September | 8th October |
| Savings letters | 24th Oct – 5th Nov | 12th – 21st Nov |
| Reminder letters | 7th – 16th Nov | 29th Nov – 14th Dec |

3.61. This trial was originally planned to take place before the introduction of the default price cap. This was to try and replicate the first trial under the same conditions, and to generate evidence on the impact of the trial before the price cap. The price cap came in to place in January 2019, however many suppliers determined their prices earlier and released them to price comparison websites. Supplier B released theirs on 12 November 2018, and at this point the projected savings that customers could achieve by switching decreased. Customers who contacted energyhelpline after this point would have been given quotes based on the price capped tariffs. All customers who hadn't already switched tariff would have had letters from their supplier about the price decrease between 28 November and 1 December 2018.

3.62. The price cap reduced many SVT customers' annual energy spend. Therefore, the potential savings they could make by switching would have decreased. In order to ensure any decisions customers made were fully informed, Ofgem decided to update savings in the reminder letters, when the new prices became available. Therefore, Savings letters were calculated with pre-price cap prices, whereas the Reminder letters included price capped saving.

3.63. The decision was taken to change the savings letter from the original text below:

"Now we have secured an exclusive deal for you with [new supplier], who have a maximum 5 star service rating with energyhelpline. Here's what you will save, based on you using the same amount of energy as last year:

Currently with [Supplier B] the cost of your deal is xx a year. If you switch to the deal we have negotiated with [new supplier], you'd pay £xx over the next 12 months"

To the revised version in reminder letter:

"Now we have secured an exclusive deal for you with [new supplier], who have a maximum 5 star service rating with energyhelpline. Here's what you will save, based on you using the same amount of energy as last year:

Currently with [Supplier B] the cost of your deal is £xx a year. From, it will be £xx a year following the government's new price cap. This price is not fixed and may rise in April with the price cap. If you switch to the deal we have negotiated with [new supplier], you'd pay £xx over the next 12 months. This is a fixed price for 12 months. It won't go up.

That's a personal saving of £xxx (as of 1st January, this will be £xxx) if you decide to switch"

3.64. There were a number of participants in this trial who became ineligible for the intervention as the trial progressed, or had to be excluded from the analysis as they hadn't been treated as planned in the protocol. These are summarised in table 4.

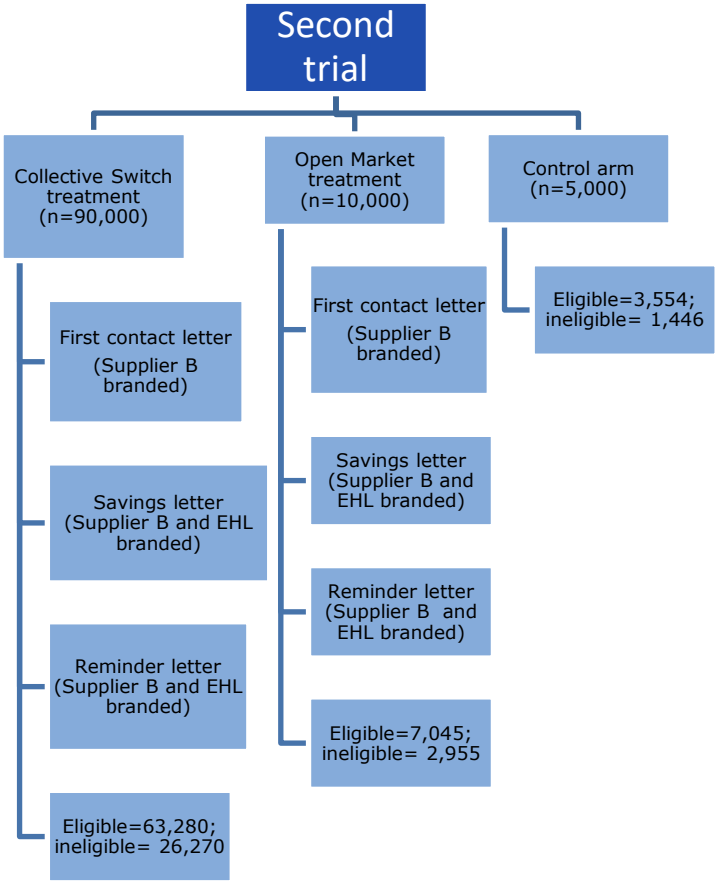
Table 4: Customers excluded from the trial

| Summary of data errors | Number of customers affected | Reason for exclusion from final sample for analysis |
|---|---|---|
| Unusually high gas consumption | 2,800 | These customers had higher gas consumption than would be expected for domestic customers, and therefore we had reason to suspect that they were small businesses on domestic tariffs. |
| Unusually high electricity consumption | 1,000 | These customers had higher electricity consumption than would be expected for domestic customers, and therefore we had reason to suspect that they were small businesses on domestic tariffs. |
| Customers erroneously included that did not meet the selection criteria (as their consumption was below 25kW per year) | 105 | These properties are likely unoccupied and should not have been included in the sample |
| Customers who had | 1,414 | Customers who had been identified as |

| | | |
|---|---|---|
| become ineligible and erroneously received the first contact letter. | | ineligible for the trial before it commenced but who erroneously received first contact letters (and a subsequent apology letter) |
| Incorrect data for majority of E7 customers | 19,276 | Incorrect data was sent from Supplier B to Energyhelpline regarding the consumption of most of the customers with E7 meters in the sample. This resulted in incorrect savings figures, which would have misled customers about the potential savings from switching tariff. |
| Erroneous meter types in the sample (E8, E9, E10, E11) | 492 | These customers were incorrectly randomised into the sample |
| Incorrect addresses | 5 | Addresses that should have been excluded were provided to energyhelpline. Savings letters were undelivered and returned to Ofgem. |

3.65. The eligible population of this trial was much lower than planned in the power calculations. However, due to the substantial differences in impact between trial arms, the trial was still sufficiently powered to draw conclusions.

Figure 3: Trial design for the second collective switch trial




## The Third trial

3.66. The Third trial was planned in the summer and autumn of 2018 and was in field in February and March 2019. It was intended to be a trial that took place after the introduction of the default price cap, when we expected potential savings to be lower. In reality, the level of the cap at this time meant that potential savings were similar to those seen in the first trial.[47]

3.67. It was a randomised controlled trial where participants were randomly allocated into three trial arms:

[47] Ofgem revises the level of the default price cap every six months. For more information, see https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/default-tariff-cap

- Collective switch arm: An intervention group who received three communications from their incumbent supplier and energyhelpline offering access to a Collective Switch tariff (n=90,000)

- Open Market: An intervention group who received three communications from their incumbent supplier and energyhelpline offering access to an Open Market intervention (n=10,000)

- A control group who did not receive anything beyond statutory communications from their supplier (n=5,000)

3.68. The primary research question to be answered by this trial was: Does the offer of a collective switch increase switching rates among disengaged energy customers relative to a control group that receives no additional information over and above standard regulatory communications?

3.69. Secondary impact questions included:

- How did the impact of the Collective Switch intervention compare to the Open Market intervention?
- Amongst those who switch, what proportion switched to the collective switch tariff offered? What proportion switched internally?
- What were the opt-out rates?
- What are the numbers of complaints and queries?
- What were the characteristics of the customers who switched through Energyhelpline?
- Does length of time with supplier and/or on an SVT affect switching, and does this differ according to the messenger of the offer?

3.70. The planning and design for this trial was done in parallel to the second trial. The power calculations were identical to the second trial. These resulted in three unequally sized trial arms. As with the other trials, the balance checks were carried out by the Behavioural Insights Team.

3.71. This trial ran as planned with no variations.

# 4. Results

**Section summary**

This section details the results of the five Collective Switch trials. It begins by presenting the results of the primary research question by trials, before summarising some of the secondary research questions across trials.

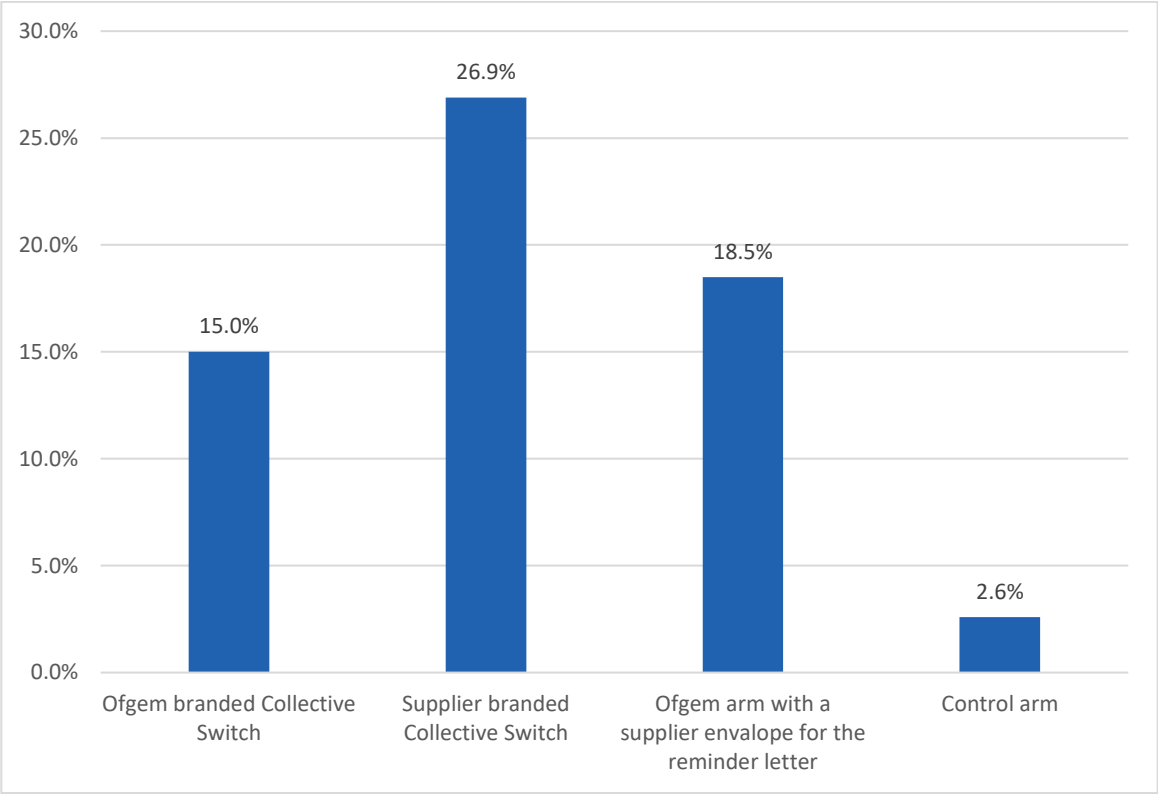
## Impact of the Collective Switch intervention

**Primary research question: First Trial**

4.1. The results of the first trial show a substantial impact of the Collective Switch intervention on participants' likelihood to switch tariff. In the trial arm which received the Collective Switch letters branded as coming from their incumbent supplier, the switching rate was 27%, compared to 3% in the control group.

4.2. There was less switching in the trial arm which received the Ofgem branded letters (15% compared to 27%). The results of the first trial, coupled with the results of Ofgem's previous engagement trials, led us to conclude that communications from a customer's incumbent supplier are more impactful than those sent from Ofgem with the same message. Therefore, in the second and third Collective Switch trials we no longer tested the Ofgem version of the intervention.

Figure 4: Switching rates in the First trial by arm

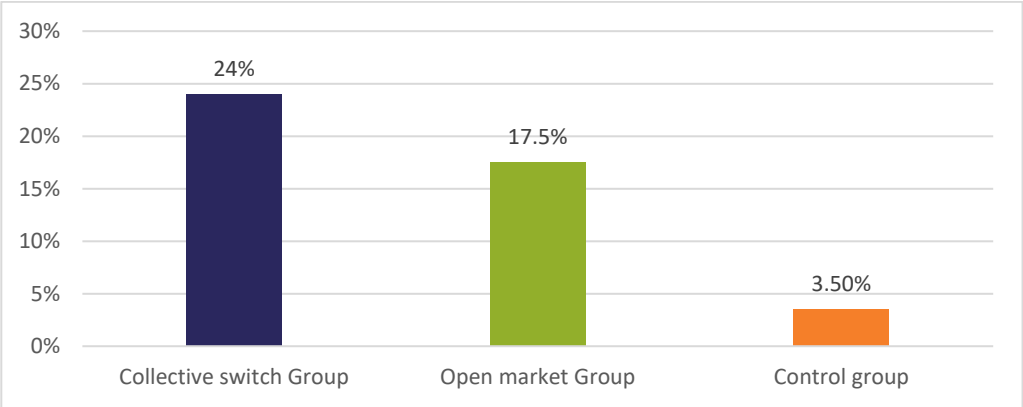



4.3. As discussed in the previous chapter, this trial included an unplanned fourth trial arm, where some participants from the 'Ofgem' arm were randomly allocated into a fourth arm part way through the trial. In this trial arm, the third, reminder letter was from Ofgem, but in a Supplier A branded envelope. Interestingly, the switching behaviour of this group was 2.5 percentage points over the Ofgem arm, implying the brand of envelope does have an impact on switching rates.

**Second Collective Switch Trial**

4.4. The Second trial was intended to test the efficacy of the Collective Switch intervention against a new Open Market intervention, and to test whether the intervention could be delivered at scale. The results show that, once again, the Collective Switch intervention had a clear impact on switching behaviour, with 24% of customers in the Collective Switch arm switching, compared to 4% in the control group.

Figure 5: Switching rates in the Second trial by arm



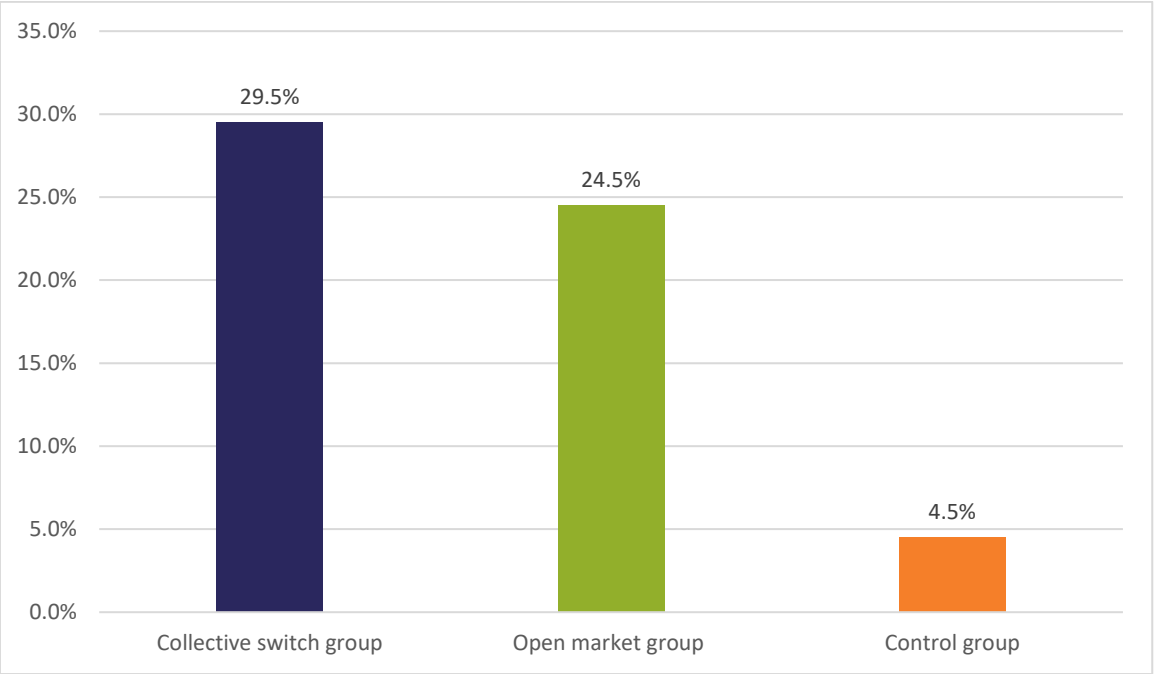

4.5. As discussed earlier this result must be seen in the context of the issues around the delivery of the trial. Despite these issues, the scale of the impact implies we can be confident that the intervention had an impact on customer behaviour.

4.6. Qualitative research was completed a few months after the trial finished. Respondents recalled the change in savings levels during the Second trial, but didn't remember the details or the reason why they were lower than expected.

**Third Collective Switch Trial**

4.7. In line with the other trials, there was a clear impact on the switching behaviour from the Collective Switch (and Open Market) intervention. There was a difference of 25 percentage points between the Collective Switch arm and the control group.

Figure 6: Switching rates in the Third trial by arm



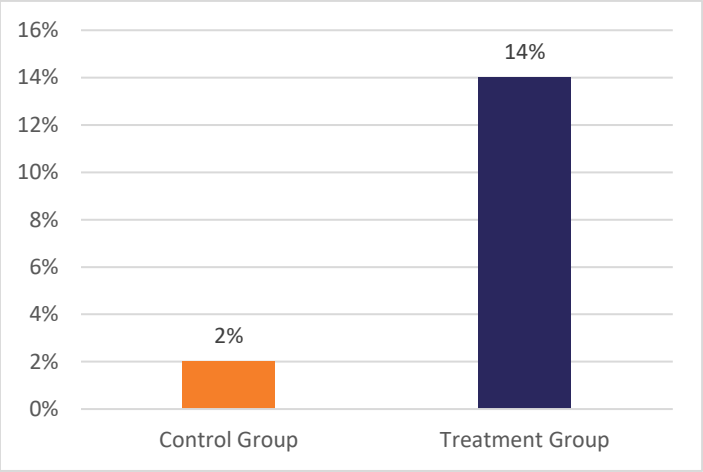

4.8. The second and third Collective Switch trials were designed to show the impact of the Collective Switch intervention against the Open Market intervention. The Open Market intervention was very similar to the Collective Switch but without the named exclusive tariff. In the second trial, the Collective Switch arm outperformed the Open Market one by over six percentage points, and in the third trial it was five percentage points. This indicates that the Collective Switch intervention is more impactful, and that the presence of the exclusive tariff makes a substantial impact on switching. Nonetheless, it must be remembered that the Open Market arm had a substantial impact on switching in its own right compared to the control group.

**Reengagement trial**

4.9. The Reengagement trial re-contacted participants from the first trial who hadn't chosen to switch. Switching rates in this trial were 14% compared to 2% in the control group. This implies that even if a disengaged customer does not choose to switch after the first prompt, they may do after a second. Qualitative evidence from after the trial shows

that only a handful of respondents remembered being contacted six months previously, and that even those who did, did not mind being recontacted.[48] This trial was with the same incumbent supplier as the First Trial, yet this trial clearly resulted in a lower impact on switching than the First Trial. This is because many of the customers who will have wanted to change tariff will have done so during the first trial. Whilst everything was done to maximise comparability between this and the first trial, it must be remembered that these trials took place at different times of a given year and the customer's personal projected savings would have varied.

Figure 7: Switching rates in the Reengagement trial by arm

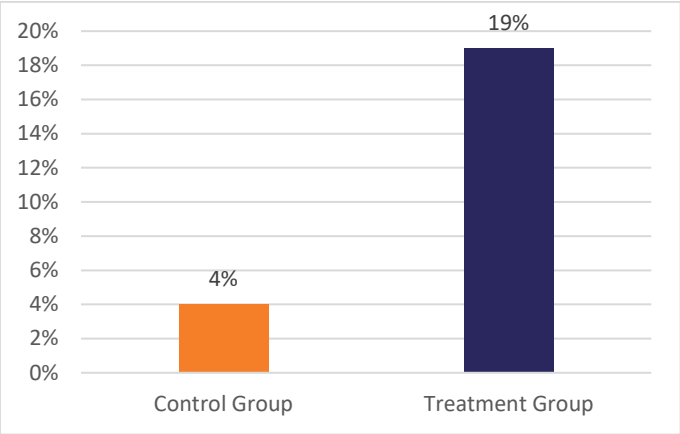



**Small and medium supplier trial**

4.10. The intervention had a clear impact on switching rates with a difference of 15 percentage points between the control and intervention arms. Customers in the intervention arm were almost five times as likely to switch than those in the control arm.

[48] https://www.ofgem.gov.uk/publications-and-updates/second-collective-switch-trial-qualitative-findings

Figure 8: Switching rates in the Small and medium supplier trial by arm

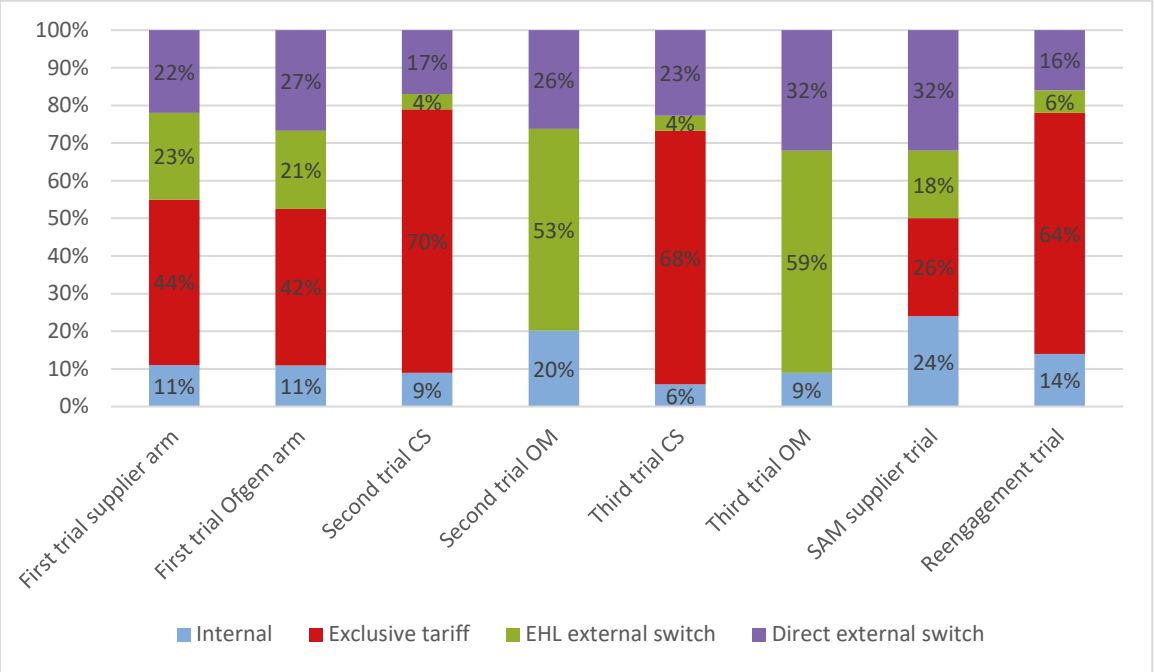



**Which tariffs did customers switch to?**

4.11. When choosing a new energy tariff, customers have the choice to pick either a tariff with their current supplier, or with a competitor supplier. We call the former, internal switching, and the latter, external switching. For those customers who choose to switch externally, they could choose either to switch via energyhelpline, or to use another price comparison website or contact a new supplier directly. For those that went via energyhelpline, they could choose either the exclusive tariff or another tariff chosen through energyhelpline. To summarise, the potential switching routes were:

- Another tariff with the customer's current supplier: internal switch
- The Collective Switch tariff only available via energyhelpline: exclusive tariff
- A tariff with a competitor supplier accessed via energyhelpline: EHL external switch
- A tariff with a competitor supplier accessed via another route: direct external switch

Figure 9: Switching choice by trial




4.12. Interestingly, for the Small and medium supplier trial, a much lower proportion of switchers chose the Collective Switch tariff (26% compared to 70% of customers in the second trial, and 68% in the third, where the Collective Switch tariff was with a better known supplier). We know from wider survey evidence that disengaged customers can feel uncertain of less well known brands.[49]

4.13. In the Open Market arms, customers did not have the option to choose the exclusive tariff. However, in both cases over half of participants chose to switch using energyhelpline. This implies that customers will seek a low effort switch without the motivation of an exclusive tariff.

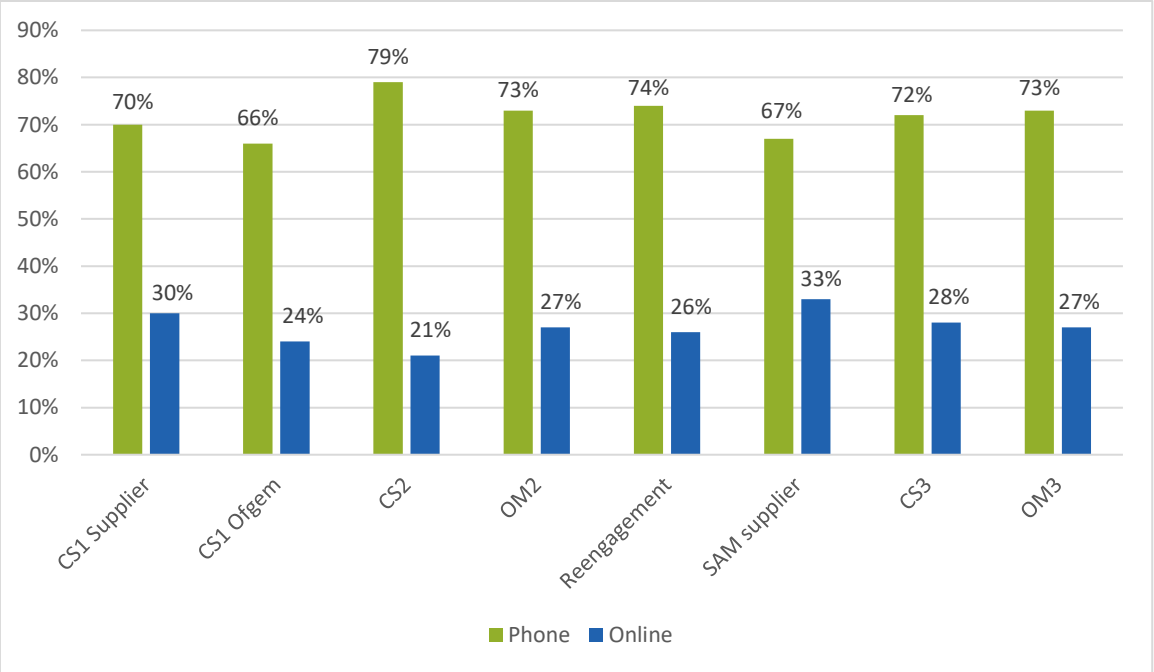
**How did customers choose to switch?**

4.14. Customers who chose to switch via energyhelpline could do so either by phone or online. In all of the five trials, we observed a preference amongst these customers for the phone service. This implies this group of customers prefers to use the phone rather than an

[49] See Ofgem's 2018 Consumer Engagement Survey. https://www.ofgem.gov.uk/publications-and-updates/consumer-engagement-survey-2018

on line service. The qualitative evidence gathered after the trials shows that phone was often preferred to the online option as it made customers feel secure and reassured to have the tariff choice explained to them and that it felt like less effort than completing online forms.[50]

Figure 10: Split between phone and online switching for customers who switched through Energyhelpline




**How much did customers save by switching?**

4.15. In all trials, the saving displayed on the letters was based on the customer switching from their existing, default tariff to the one year fixed exclusive tariff over a year. The actual savings they would make will depend on their consumption levels over that year. The projected savings on the letters were intended to serve two purposes- to give customers a tangible sense of the savings on offer, and to give them a benchmark to compare other tariffs available across the market. In most of the trials, the exclusive tariff was not market leading, and customers could usually have found cheaper tariffs from searching across the market. Despite this, substantial proportions of switchers chose it in preference to the other

[50] https://www.ofgem.gov.uk/publications-and-updates/second-collective-switch-trial-qualitative-findings

tariffs which would have been displayed or communicated to them once they contacted energyhelpline. This implies that some disengaged customers will choose an easy, trusted switch over the economically most beneficial one.

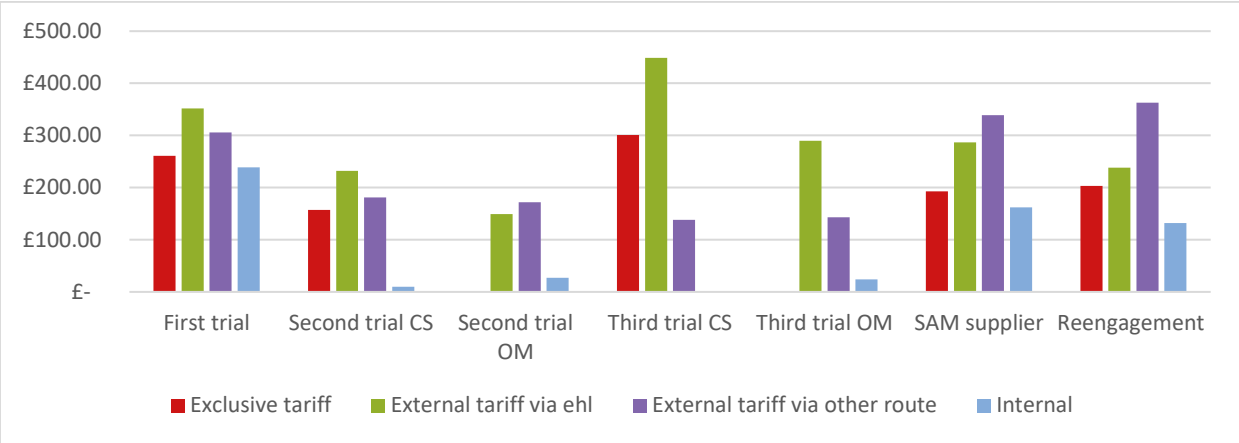
4.16. As the chart below shows, the savings that customers are expected to make over a year from switching tariff vary by trial. However, there are some patterns. Customers who chose a new tariff with a new supplier (an external switch) tended to save more money. Those who chose tariffs other than the exclusive one tended to save more, in some trials by choosing a tariff through energyhelpline, [51] and sometimes by switching without them. Customers who chose to switch to another tariff with their current supplier (known as an internal switch) tended to save less compared to their annual spend on the default tariff.

4.17. Note that tariff availability on the open market changes rapidly, and the tariff that is cheapest will vary depending on a particular customer's consumption and their split between gas and electricity use. Therefore, even in trials or trial arms that happened at the same time with the same incumbent supplier, customers making different switching and tariff decisions achieve different projected average savings.

4.18. The third trial took place from January to March 2019. This was after the introduction of the default price cap in the January 2019. The level the cap is set at is reviewed by Ofgem every February and August, with changes coming into place in April and October.

[51] energyhelpline's website defaults to 'switchable tariffs' (where customers can switch directly through them) with the option of displaying a whole of market search

Figure 11: Average saving by trial and switching route




**Which customers switched following the Collective Switch intervention?**

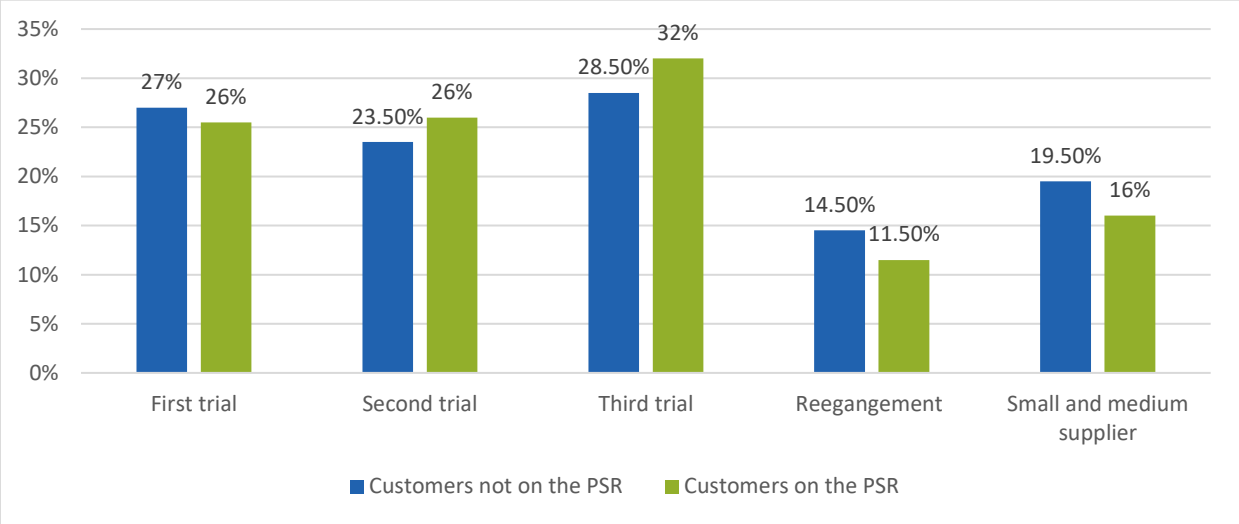
4.19. Whilst we do not have demographic data for most of the participants in the trials, [52] energyhelpline do collect information about the customers who switch through them. From this data, we know that customers who chose to switch through energyhelpline tend to be older than the UK average and more likely to be retired. This was a pattern repeated across all five trials.

4.20. The Collective Switch intervention had an impact on switching rates even when customers had been on a default tariff with their current supplier for a long period of time. However, the customers in the first and third trials who had been with their supplier the longest were slightly less likely to switch. [53] This was not the case for the Small and medium supplier and Reengagement trials, where there did not appear to be much difference in switching rates.

[52] Suppliers tend to only hold limited demographic data about their customers
[53] Supplier B, the partner supplier for the second trial, does not record data on the length of time a customer has been on a particular tariff.

4.21. The Priority Services Register[54] (or PSR) is a service for energy customers who need additional support. The results of the Collective Switch trials show that this intervention was effective for both customers who are on the PSR, and those who are not.

Figure 12: Switching rate by PSR status




*Note: This chart only includes the 'supplier' arm of the First trial, and the Collective Switch arms of the Second and Third trials*

**Opt-outs and complaints**

4.22. The number of customers who chose to opt out of the having their data shared with a third party was low, as was the number of complaints

Table 5: Opt outs and complaints by trial

| Trial | Initial sample size in intervention arms | Opt outs | Complaints |
|---|---|---|---|
| **First trial** | 50,000 | 31 | 8 |
| **Second trial** | 100,000 | 370 | 61 |
| **Third trial** | 100,000 | 510 | 12 |
| **Reengagement** | 2,570 | 0 | 0 |
| **Small and medium supplier** | 1,375 | 0 | 0 |

[54] https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/extra-help-energy-services/priority-services-register-people-need

# 5. Conclusions

**Section summary**

This section contains the conclusions that have been drawn from this series of trials and ends with a discussion of next steps for this work.

5.1. These results have proven beyond doubt that the Collective Switch is an effective intervention which can substantially change energy customer's willingness to switch tariff. The Collective Switch went beyond the other trials included in Ofgem's Consumer Engagement programme,[55] and tackles more barriers to engagement. We think this is why it was more impactful than the other prompts in the programme. While it is impossible to isolate the factors which worked in driving switching, the quantitative and qualitative results imply that the elements that were effective include:

- A short, simple, action focused letter
- Salient, personalised savings
- Reducing choice of tariff
- Ofgem's endorsement
- Switching support provided by an independent third party
- Offering support by phone as well as on line
- Reminding customers
- Giving them a deadline to take action by
- Making it simple for customers- sending consumption and tariff information directly to a switching service

5.2. The Collective Switch intervention was more impactful if sent from the customer's current supplier rather than from Ofgem. This is in line with findings from Ofgem's

[55] https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/how-switch-energy-supplier-and-shop-better-deal/prompting-engagement-energy-tariff-choices

other consumer engagement trials. [56] Qualitative evidence suggests this is because customers are more likely to open letters from their supplier, and because they feel surprised that their supplier would be informing them about potential savings on their energy tariff and were promoting switching to an alternative.

5.3. In both the second and third trials, the Open Market trial arm, where the reference to an exclusive tariff was removed, was less impactful than the Collective Switch Arm. However, the Open Market is simpler to implement, as it avoids the need to hold an auction to choose an exclusive tariff. This implies that sign posting to a specific tariff does work in increasing customers' likelihood of switching, which immediately addresses the barrier of being overwhelmed by the choice of available tariffs.

5.4. The results from the Reengagement trial show that customers who do not respond to a Collective Switch intervention do not object to being contacted again after a six-month gap, and that a substantial proportion of them will switch tariff. This implies that customers who do not respond to one communication based prompt, may later respond to a second one at a later point in time. This shows that customers can be 're-prompted' and that these type of interventions can have a cumulative impact.

5.5. The results of the Small and medium supplier trial shows that supplier branding of the collective switch tariff impacts on switching rates. This is in line with other evidence which suggests that disengaged customers prefer well known energy brands. [57] There is some evidence from the qualitative research following the first and second trials that some customers were attracted to the exclusive tariff because it was with a well known, larger supplier.[58]

5.6. The Collective Switch intervention seems to be effective for older and retired customers, those who prefer to engage off line, and customers who are on the Priority Services Register. The Collective Switch intervention was designed to allow

[56] https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/how-switch-energy-supplier-and-shop-better-deal/prompting-engagement-energy-tariff-choices
[57] Ofgem's Consumer Engagement Survey 2018 https://www.ofgem.gov.uk/publications-and-updates/consumer-engagement-survey-2018
[58] https://www.ofgem.gov.uk/system/files/docs/2018/11/cs1_qualitative_report_for_publication_0.pdf and https://www.ofgem.gov.uk/publications-and-updates/second-collective-switch-trial-qualitative-findings

customers who are less comfortable engaging on-line with a way of considering their energy tariff choices and appears to have been successful in doing so.

5.7. There is some evidence that the Collective Switch intervention resulted in some customers becoming more engaged in their energy choices, without actually switching. Data from energyhelpline implies that not all customers who contacted them for a quote completed a switch, and evidence from the qualitative research shows that some customers discussed their tariff with friends or family, or searched for new tariffs, but didn't get around to switching.[59]

5.8. It is hard to know the impact of the default price cap on customer's likelihood of responding to these prompts from these results due to the timing of the Second and Third Trials. There is evidence from the qualitative research that customer's interest in switching is prompted by the projected savings included on the Collective Switch. However, we saw switching at all levels of potential saving, so it is not the only driver of switching behaviour observed in these trials.

5.9. These trials show that customers are happy to interact with an unfamiliar third party (most had not heard of energyhelpline before the trials), to allow their supplier to share data on their behalf, and, in many cases, to sign up to receiving marketing from this third party.

5.10. We do not yet know the long term impact of the Collective Switch, and whether customers who chose to switch once will do so again when their fixed tariff ends. If they do not, they will go back to a default tariff as before. Ofgem are currently conducting follow up research with participants in the first trial to see if there is any long term impact from the intervention. Ideally, we want to design interventions which promote long term engagement, and not just one off switching.

5.11. Building on the learnings from other trials, the Collective Switch proved beyond doubt that simple prompts and a behaviourally informed intervention can increase consumer engagement. We are currently considering what role the Collective Switch intervention could play in the future energy market post price cap.

[59] https://www.ofgem.gov.uk/publications-and-updates/second-collective-switch-trial-qualitative-findings

# 6. Appendices

**Index**

# Appendix 1

## Letters used in the Collective Switch trials

1.1. The first communication, savings and reminder letters below are in redacted form.

First contact letter

<Name> <XXXXXXXXXX>
<Address>
<Address>
<Address>
<Address>
<Postcode> <Date>

<Supply Address: Mr John Sample, Sample Street, Sample Town, Sample County SAXX XX>

### Find out about a cheaper energy deal

Dear <Mr Sample>

For more than 3 years, you've been on one of the most expensive types of energy deals. Ofgem, the independent energy regulator, has told energy companies like us to tell their customers how to switch to a cheaper deal – it's easy to do.

**Who can help me to switch?**

Ofgem has asked the independent price comparison service **energyhelpline** to negotiate an energy deal especially for a group of <supplier> customers in your situation – people who've been on a type of deal for at least 3 years called a 'standard variable tariff'.

People typically save around £330 over a year when they switch from this type of tariff*. In a few weeks, energyhelpline will send everyone in this selected group of <supplier> customers a letter showing how much you personally could save.

**What do I need to do now?**

Nothing. Just wait for energyhelpline's letter and decide then if you want to switch.


If you choose to switch, energyhelpline will explain in its letter how to do it. It's straightforward.

*Continued overleaf*

<Supplier name>. Registered Office: <...>. Registered in <...> No. <...>. VAT No. <...>. <website>

**Who is energyhelpline?**

energyhelpline has helped more than 5 million people compare and switch energy deals since 2003, saving energy customers over £1 billion on their gas and electricity bills.

**What details does <supplier's name> need to send energyhelpline?**

So energyhelpline can work out your potential saving, we need to send them some details about your energy use. You don't need to send energyhelpline anything yourself.

We'll tell energyhelpline:

- the tariff (deal) you're on now and how you pay for your energy
- how much energy you use a year and the kind of meter you have
- your name and address

*energyhelpline won't use your details for any other purpose.*

**Don't want to know your saving?**

If you don't want energyhelpline to work out how much you could save, just tell us within 7 days of getting this letter, quoting reference number <XXXXXXXXX>. You can:

- email us at **<supplier's email>**
- call us free on **<supplier's phone number>.** Lines open Monday to Friday 8am to 10pm, Saturday 8.30am to 6pm.
- write to us at:

**<Supplier's name>**
**<supplier's address>**
**<supplier's address>**

You can still tell us after 7 days – we'll make sure you're not sent anything more.

Got any questions about this letter? Visit www.ofgem.gov.uk/collective-switch1
You can also email Ofgem at collectiveswitch1@ofgem.gov.uk or call them on 0808 164 4600.

Yours sincerely

<...>
<...>
**<Supplier's name>**

*£331: average annual saving at typical medium usage switching from one of the six largest suppliers' standard variable tariff to the cheapest tariff available. Paying by direct debit and receiving paper bills. Source: Ofgem, July 2018.

Savings letter

<Supplier logo>

energy helpline
In partnership with ofgem

**Visit us online – www.save.energyhelpline.com**
**Or Call - 0800 977 4421**
*Mon-Fri: 9am – 8pm, Sat-Sun: 9am – 5pm*

<FullName>
<Address>
<PostCode>

10 November 2018

## Save £<QuoteAnnualSaving> by switching your energy deal

Dear <FullName>

A few weeks ago, <supplier> wrote to you about switching to a cheaper energy deal.

Ofgem, the independent energy regulator, had asked companies like <supplier> to tell their customers how to switch and save with a different deal – even if it wasn't from the same company.

Ofgem had appointed us, energyhelpline, to negotiate a cheaper deal for around 90,000 <supplier> customers like you – people who've been on the same expensive energy deal with <supplier> for more than 3 years.

Now we have secured an exclusive deal for you with <Collective Supplier>, who have <…> service rating with energyhelpline. Here's what you will save, based on you using the same amount of energy as last year:

- Currently with <supplier> the cost of your deal is **£<CurrentAnnualSpend>** a year.
- If you switch to the deal we have negotiated with <Collective Supplier> you'd pay **£<QuoteAnnualSpend>** over the next 12 months.

That's a personal saving of **£<QuoteAnnualSaving>** if you decide to switch.

**energyhelpline has made it easy to switch**
All you need to do is go to **www.save.energyhelpline.com** or call our UK call centre free on **0800 977 4421** and speak to a friendly adviser.
*(This deal isn't available by going direct to <Collective Supplier>)*

Simply provide your surname and postcode on our website or over the phone. We will then give you the full details of the <…> deal from <Collective Supplier>. If you decide to go ahead, we will take care of everything from there.

Act quickly and contact us using the details below, if you want to save **£<QuoteAnnualSaving>**. Energy deals come and go, and this one's only available till 11 December 2018.

## How to get the deal

**Visit – www.save.energyhelpline.com**

**Call - 0800 977 4421**

*Mon-Fri: 9am – 8pm, Sat-Sun: 9am – 5pm*

**Who is <Collective Supplier>?**
<Collective Supplier> is <…>.

Key features:

- Guaranteed fixed prices for 1 year. Currently with <supplier> you are on a 'variable tariff' and the price may change. This deal will ensure your prices don't rise for a year.
- UK based customer service centre, open <…>.
- <Collective Supplier> is a member of the Energy Switch Guarantee scheme: your switch will take no more than 21 days from the date <Collective Supplier> receives your completed application.

**Other options**
Alongside this deal, we will show you other energy deals available on the market, so you can check how the exclusive deal stacks up. If you see something else you'd prefer, you can switch to that tariff instead.

**What happens when the new deal ends?**
If you switch, <Collective Supplier> will get in touch with you towards the end of the first 12 months to explain your options if you stay with them. Or you can leave your details with us, energyhelpline, when you switch and we'll get in touch to help you choose a new deal.

**Your energy information**
Here are the details of your current energy deal and how much you use:

**Current energy company:** <supplier>
**Electricity tariff (deal) name:** <CurrentElectricitySupplierTariffName>
**Yearly electricity use:** <CurrentElectricityAnnualKwh>
**Gas tariff name:** <CurrentGasSupplierTariffName>
**Yearly gas use:** <CurrentGasAnnualKwh>

Yours sincerely

Paul Green
Chief Executive – energyhelpline

Got any questions about this letter? Visit ofgem.gov.uk/collective-switch1
You can also email us at collectiveswitch1@ofgem.gov.uk or call us on 0808 164 4600.

Reminder letter

<Supplier logo>

energy helpline
In partnership with ofgem

**Visit us online – www.save.energyhelpline.com**
**Or Call - 0800 977 4421**
*Mon-Fri: 9am – 8pm, Sat-Sun: 9am – 5pm*

<FullName>
<Address>
<PostCode>

23 November 2018

## You still have until 11 December to switch energy deals and save £<QuoteAnnualSaving>

Dear <FullName>

We wrote to you earlier in November with details of a cheaper energy deal for you. *(If you have already switched, please discard this letter.)*

Ofgem, the independent energy regulator, had asked companies like <supplier> to tell their customers how to switch and save with a different deal – even if it wasn't from the same company.

Ofgem had appointed us, energyhelpline, to negotiate a cheaper deal for around 90,000 <supplier> customers like you – people who've been on the same expensive energy deal with <supplier> for more than 3 years.

Now we have secured an exclusive deal for you with <Collective Supplier>, who have <…> service rating with energyhelpline. Here's what you will save, based on you using the same amount of energy as last year:

- Currently with <supplier> the cost of your deal is **£<CurrentAnnualSpend>** a year.
- If you switch to the deal we have negotiated with <Collective Supplier>, you'd pay **£<QuoteAnnualSpend>** over the next 12 months.

That's a personal saving of **£<QuoteAnnualSaving>** if you decide to switch.

**energyhelpline has made it easy to switch**
All you need to do is go to **www.save.energyhelpline.com** or call our UK call centre free on **0800 977 4421** and speak to a friendly adviser.
*(This deal isn't available by going direct to <Collective Supplier>)*

Simply provide your surname and postcode on our website or over the phone. We will then give you the full details of the Simply Fixed Jan20 deal from <Collective Supplier>. If you decide to go ahead, we will take care of everything from there.

Act quickly and contact us using the details below, if you want to save **£<QuoteAnnualSaving>**. Energy deals come and go, and this one's only available till 11 December 2018.

## How to get the deal

**Visit – www.save.energyhelpline.com**

**Call - 0800 977 4421**

*Mon-Fri: 9am – 8pm, Sat-Sun: 9am – 5pm*

**Who is <Collective Supplier>?**
<Collective Supplier> is <…>.

Key features:

- Guaranteed fixed prices for 1 year. Currently with <supplier> you are on a 'variable tariff' and the price may change. This deal will ensure your prices don't rise for a year.
- UK based customer service centre, open <…>.
- <Collective Supplier> is a member of the Energy Switch Guarantee scheme: your switch will take no more than 21 days from the date <Collective Supplier> receives your completed application.

**Other options**
Alongside this deal, we will show you other energy deals available on the market, so you can check how the exclusive deal stacks up. If you see something else you'd prefer, you can switch to that tariff instead.

**What happens when the new deal ends?**
If you switch, <Collective Supplier> will get in touch with you towards the end of the first 12 months to explain your options if you stay with them. Or you can leave your details with us, energyhelpline, when you switch and we'll get in touch to help you choose a new deal.

**Your energy information**
Here are the details of your current energy deal and how much you use:

**Current energy company:** <supplier>
**Electricity tariff (deal) name:** <CurrentElectricitySupplierTariffName>
**Yearly electricity use:** <CurrentElectricityAnnualKwh>
**Gas tariff name:** <CurrentGasSupplierTariffName>
**Yearly gas use:** <CurrentGasAnnualKwh>

Yours sincerely

Paul Green
Chief Executive – energyhelpline

Got any questions about this letter? Visit ofgem.gov.uk/collective-switch1
You can also email us at collectiveswitch1@ofgem.gov.uk or call us on 0808 164 4600.

## Appendix 2 - 'behind the scenes' intervention journey