

Project Manager  
Energy market investigation  
Competition and Markets Authority  
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13 August 2014

By email at [EnergyMarket@cma.gsi.gov.uk](mailto:EnergyMarket@cma.gsi.gov.uk)

Dear Sirs,

I write in response to your invitation to submit evidence to the domestic retail energy sector investigation, and in light of your recent Statement of Issues.

### ***Background***

As you may know, uSwitch.com is the largest energy price comparison service in the UK and we have been helping consumers save money on household bills for over 14 years. We see ourselves as a consumer champion, empowering people to get the most out of the market, as well as helping enable competition.

Because of our role as a trusted intermediary, we can offer the investigation useful insight into issues and concerns affecting consumers and competition.

### ***The need for better engagement***

Over the years consumer engagement has been very low and so we welcome the fact that the CMA has identified that energy suppliers could face weak incentives to compete.

After fairly slow growth, energy switching reached its peak in 2008, with 21% of consumers switching suppliers. This figure dropped to about 15% before the big six stopped doorstep selling and now appears to be settling back to around ten per cent, following a spike during price increases last autumn.

We believe that better competition is at the heart of making the market work better for consumers – and that this can only be achieved through increased customer engagement. In the supermarket industry, for example, the ‘big four’ have faced fierce competition from discount stores, forcing them to raise their game, reduce prices and improve customer service. We should be seeing the same sort of competition in the energy sector – however, low consumer engagement is a significant barrier to this.

Our research has shown that consumers who are engaged and feel in control of their energy are also more likely to reduce the amount they use, as well as actively shopping around for the best deal.

Achieving better consumer engagement is a massive task and there is no silver bullet. The first step in understanding the complexities of why the majority of energy consumers do not engage should be a study by the CMA of consumer behaviour, in order to identify specific barriers and how each might be overcome.

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We firmly believe that a structured market change on its own is unlikely to achieve the level of engagement needed to make the market work for consumers.

### ***Better customer choice***

Another key element of improved competition is better customer choice. We would like to see the CMA investigation help continue to break down some of the barriers faced by new entrants, and ensure smaller and more innovative suppliers continue to challenge the incumbents. The number of people switching to smaller providers has reached an all-time high, but the fact remains that around 95% of consumers remain with one of the big six suppliers.

We also question some of the restrictions on the number of tariffs that can now be offered, and believe this could not only limit customer choice but could also stifle innovation.

### ***Evaluating the success of Ofgem's Retail Market Review***

During the CMA investigation, it is vital that the regulator and industry do all they can to help consumers in the here and now. We welcome the commitment from Ofgem to implement further changes throughout the investigation, including the move to enable customers to switch energy supplier in three days by December. We believe it is vital that Ofgem continues to deliver the remedies it identified as part of its Retail Market Review and – importantly – continually evaluate whether they are succeeding in helping consumers.

We will be regularly undertaking our own review of the impact of RMR and will share the findings with you as we publish them.

### ***Working together***

We are pleased to see that the CMA will place consumers at the heart of its investigation and look forward to working together with you over the coming months.

We are more than happy to discuss any of the points we have made in more detail. Please do let me know if we can be of any further assistance.

Yours sincerely,

A handwritten signature in black ink that reads 'Ann Robinson'.

Ann Robinson  
Director of Consumer Policy, uSwitch.com