CMA energy submission

Executive Summary

We read the notice of possible remedies for the energy market investigation with interest. The investigation hasn’t unearthed any significant new revelations regarding the serious failings that exist in the UK energy market and while we support aspects of the suggested remedies, we feel they do not adequately address how to best engage with households that have never switched energy supplier.

7 in 10 households are currently stuck on zombie tariffs – these are standard tariffs that customers who haven’t switched recently are left on by providers. Crucially, they are far more expensive than the cheapest tariffs on the market. Much more needs to be done to stimulate the 34 per cent of people that have never even considered switching.

Energy providers have been taking advantage of consumer disengagement in the market and lack of confidence in switching. It clearly hasn’t been in providers’ interests to encourage customers to move onto cheaper deals. Taking these two issues in turn, we believe they would each be addressed to some degree by the proposed remedies, but leave more to be done.

Consumer disengagement

- We want to see the Government, and energy providers do more to engage with people trapped on zombie tariffs. While the focus on clearer bills is helpful, it doesn’t address the root cause of disengagement. We would encourage consideration of tailored warnings when customers would most benefit from switching, and using customer touch points beyond the energy providers’ annual statements, such as more disruptive forms of direct communication such as a letter from DECC or other trusted intermediaries and the use of targeted SMS messaging.

- We would encourage DECC to consider funding further publicity campaigns to help stimulate the market. The DECC funded ‘Go Energy Shopping’ campaign in February 2015 had significant impact on consumer engagement and switching levels. During the first week of this campaign Moneysupermarket.com saw a 55% uplift in visitors to the
energy channel compared to the same period the year before. Although the campaign launch coincided with media coverage about the CMA’s Market Study, this shows that wider Government led marketing initiatives help stimulate the energy switching market more than separate business led initiatives.

- We would support a revision of the four tariff rule element of the Retail Market Review (RMR) as highlighted in the provisional remedies, but don’t feel there is yet a clear way forward outlined. We would like to see the rules changed in order to stimulate greater price and product competition but without going back to the overly complex system that preceded RMR.

- We have concerns about automatically moving people onto a ‘safeguard regulated tariff’. This will not help to increase competition in this market or stimulate consumer engagement as it is likely to result in lower switching rates, lead to less innovation and compound the problem with consumer apathy. We would support Government intervention to contact people in the wrong tariff rather than automatically moving them over to another product.

Confidence in switching
The report highlights the role third party intermediaries such as price comparison websites play in this market and questions consumer trust in this area. We urge the CMA to consider the following two issues to improve trust:

- RMR has unintentionally created price inconsistency. Ofgem requires accredited comparison sites to calculate personal projections using a prescribed method, whereas non-accredited services use their own, different calculations. A consumer who checks more than one PCW, and sees two different prices, is likely not to trust the information they are shown, and become disinclined to switch. This is a perverse situation when the underlying tariff offered by each site is identical.

- In addition, price comparison websites use varying models to predict customer energy usage throughout the seasons, within a year. The inconsistency in modeling
again means consumers will see different prices offered when the underlying tariff price is the same – this can lead to confusion with the energy market and creates distrust of the price comparison sector.

Other issues that require consideration

Furthermore, there are two more areas we believe should be considered when assessing how to improve the energy market for consumers.

- We recognise that it may be too soon to fully assess the impact of the Ofgem Confidence Code requirement for PCWs to offer customers the option to see a whole of market set of results. However, we would like to see a commitment to fully assess and consider this issue within the next two years. In the long term we are concerned that this may discourage competition within the market, as PCWs are given fewer incentives to negotiate innovative and exclusive deals.

- The report does acknowledge that data can play a pivotal role in stimulating the energy market. MoneySuperMarket.com already uses data to help consumers take control of their own finances and would support any initiative such as Midata that can give people more confidence to take action. We would like to see accredited intermediaries gain access to central databases such as ECOES so that the switcher process can be faster and more accurate which in turn will build trust in the switching process.

Our full response to all key remedies published on 7 July 2015 is provided below.

Remedy 3 – Remove from domestic retail energy suppliers’ licences the ‘simpler choices’ component of the RMR rules

It’s disappointing that the high profile changes made to the market with the intention of stimulating switching have not had the desired impact. We support the CMA actively considering revisions to the rules in order to stimulate greater competition, but would caution against going back to the overly complex system that preceded RMR. We believe the
measures and controls introduced by RMR are excessive and would encourage a middle ground to be considered.

(a) **Would this remedy be effective in increasing competition between domestic retail energy suppliers and/or between PCWs? What additional tariffs would energy suppliers be likely to offer that they currently do not due to the RMR restrictions?**

RMR inevitably resulted in fewer innovative tariffs made available to consumers. However, we don’t believe the sheer number of tariffs is of major importance. Consumers simply need to be able to make the right choice for their needs between a number of easily understandable tariffs – and we believe price comparison sites have a key role to play in ensuring decisions are made in an informed way.

We would like accredited intermediaries to be able to work with energy suppliers to develop exclusive tariffs and deals and then using their advertising power to promote these.

With the roll-out of smart meters, we would like energy suppliers and consumers to be able to really tap into their full potential by choosing ‘time of use’ tariffs that are tailored to their specific circumstances. We believe RMR prevents energy suppliers from offering tariffs such as these and as such impact smart meters can have on consumer empowerment will be lost.

(b) **Removing the four-tariff rule is likely to increase the range of tariffs on offer and result in different tariffs being offered on different PCWs. Are there, therefore, any remedies that the CMA should consider alongside this remedy, to encourage domestic customers to use more than one PCW in order to facilitate effective competition between PCWs and domestic energy suppliers?**

We would like to see Ofgem more actively promote the energy tariff comparison site accreditation scheme. Greater awareness of the ‘Go Energy Shopping’ campaign would ensure that the profiles of the accredited comparison sites were highlighted to consumers. If consumers are aware of the accreditation process we expect them to compare and use more than once comparison service. In other markets, consumers are using more than one PCW as part of their purchasing journey. In the home and car insurance market, around 70 per cent of consumers use more than one PCW.
(b) We note that if this remedy were to be imposed, Ofgem’s Confidence Code requirement for PCWs to provide coverage of the whole market appears likely to become impractical as the number of tariffs offered increases and PCWs agree different tariff levels and commissions with energy suppliers. Should this element of the Confidence Code be removed, therefore, as part of this remedy? If so, are alternative measures to increase confidence in PCWs required? For example, in order to maintain transparency and trust, should PCWs be required to provide information to customers on the suppliers with which they have agreements and those with which they do not?

If PCWs are required to continue to show the whole of the energy market, it may limit incentives to negotiate innovative exclusive deals and conduct widespread and mass promotional activity. We would urge Ofgem to reconsider this element of the Confidence Code, providing accredited PCWs continue to be clear and transparent in the way they operate.

Even when a consumer asks to view the whole of the market via MoneySuperMarket.com, we have found that around 30-40 percent of customers do not pick the cheapest deal.

We believe the consumer uncertainty in PCWs can be fueled by a number of factors such as:

- People using multiple PCWs may find that the quote provided for the identical tariff may vary from site to site. This is because there is an inconsistent way firms account for seasonality.
- Some people may also have difficulty understanding the way Personal Projections are used. This can distort the savings figure presented and add to further consumer confusion.
- There continues to be limited consumer awareness of the Ofgem accreditation scheme, and what it means. In fact, in February 2015, PCWs were criticised in the media for using Ofgem-defined system of personal projections, as it was suggested that these savings weren’t always achievable by consumers. The lack of flexibility allowed for by the Confidence Code, allied to low consumer awareness of it, could potentially lead to a loss of confidence in the whole switching process. Measures to improve consumer confidence and awareness of accreditation should be considered in order to remedy this.
(d) Rather than removing all limits on tariff numbers and structures, would it be more effective and/or proportionate to increase the number of permitted tariffs/structures? If so, how many should be permitted and which tariff structures should be allowed?

We would guard against fully relaxing the rules around tariff structures. In the past we have found that mixtures of tariff thresholds, standing charges, paperless billing and consumption bandings have led to the same supplier having multiple tariffs side by side on the results table. This has been confusing for consumers, when the price differentiation is often minimal.

Therefore we would welcome guidelines to prevent results table proliferation by individual suppliers which was an initial goal of RMR.

**Remedy 4 – Possible measures to address barriers to switching by domestic customers**

With iii7 in 10 households currently stuck in zombie, or more expensive standard tariffs, more needs to be done to stimulate the 34 per cent of people that have never even considered switching. Energy providers have been taking advantage of the long term apathy in the market and it clearly hasn’t been in their interests to encourage customers to move onto cheaper deals. We want to see the Government, and energy providers do more to engage with people trapped on zombie tariffs, such as; provide tailored warnings and consider using customer touch points beyond the energy providers’ annual statements - such as direct marketing from DECC, mobile phones and social media to reach them.

(a) **Will the roll-out of smart meters address the feature of uncertified electricity meters? If not, what additional remedies should we consider to address this feature?**

Innovative technology solutions such as the roll-out of smart meters may help stimulate competition in the market. Greater access to data will not only give consumers better control of their energy consumption but can also stimulate switching – if the data is shared with intermediaries and there are attractive tariffs available to meet consumer expectations.

(b) **Will the roll-out of smart meters address the barriers to switching faced by customers with (DTS) meters? If not, what additional remedies should we consider to address this feature?**
(c) Should PCWs be given access to the ECOES database (meter point reference numbers) in order to allow them to facilitate the switching process for customers?

MoneySuperMarket.com already uses data to help consumers take control of their own finances and would support any initiative such as Midata that can nudge more people into taking action. We would like to see accredited PCWs gain access to central databases such as ECOES so that the switcher process can be faster and more accurate which in turn will build trust in the switching process.

(i) To what extent would this reduce the rate of failed switches and/or erroneous transfers?

We are unable to track how many failed switches are a result of an erroneous transfer. We currently rely on energy companies supplying accurate data on this.

Last year around 10% of all our switches were rejected by the energy supplier and we would like access to ECOES to better understand how this can be reduced.

In addition there is an unknown drop out from customers who don't even get to a PCW results page as the current address databases made available to PCW’s do not return accurate address and meter point information, creating both hassle and undermining trust at the outset of the switching journey.

(ii) Will access to this database still be relevant once smart meters have been introduced?

It will remain very relevant, most notably for PCW’s. A PCW will hold no usage data on a customer and therefore it will be key for consumers to have an easy and accurate route to engage with a PCW and authorise them to pull smart meter data from their existing supplier. This process will be eased if PCW’s have the correct address and meter information before interfacing with a supplier to pull back consumer data.
There is a danger of PCW’s becoming ‘harder’ to engage with than existing suppliers if this data is not accessible and this would lead to consumers being unable to compare other supplier tariffs and lead to reduced switching.

(d) Should there be penalties for firms that fail to switch customers within the mandated period (currently 17 days, next day from 2019)? How should these penalties be administered? At what level should the penalties be set? Should customers who suffer a delayed or erroneous switch receive the penalty as compensation?

As a minimum, we would like to see customers reimbursed by any amount paid above what they would have been charged on the new deal - assuming it’s a cheaper tariff. We believe this would amount to fair treatment. If it is believed that a system of fines would encourage all providers to ensure switching happened within the mandated period, we would be in favour.

(e) When next-day switching is introduced, will a ‘cooling-off’ period still be required? Could it be avoided by requiring that no exit fees are charged within two weeks of switching?

Cooling off periods for any financial product or service provide an essential safety net for consumers. The important consideration is the way that it is applied in the energy sector.

We would like to see the cooling-off periods applied in the same was as they are in many other markets as it gives customers the right to try and then change their mind with full insight of what they’ve switched to.

(f) Are specific measures required to facilitate switching for customers living in rented accommodation (either social or private)?

There are two strands that may stimulate switching in the rented sector.

1. any DECC/Ofgem awareness campaigns should ensure that renters are aware they can switch energy
2. landlord/tenancy agreements should not be allowed to tie consumers to tariffs dictated by the landlord

Remedy 6 – Ofgem to provide an independent price comparison service for domestic (and microbusiness) customers.

Greater competition in the PCW sector can lead to increased consumer engagement but we would ask the CMA to consider whether an independent Ofgem PCW is the best use of resources and most efficient and productive way of engaging with disengaged consumers. Although consumer communications campaigns organised and led centrally by DECC and Ofgem do help to stimulate the switching market, there’s limited awareness of Ofgem’s Go Energy Shopping brand and website. In addition, setting up a central switching service could distort the market as it would essentially operate as a subsidised competitor. If it was not a transactional service, we would be concerned that putting an extra step into the journey may have a discouraging effect on consumers who are trying to decide whether switching is ‘worth the hassle’.

Operating a price comparison service is complex and costly. Last year we invested £16.5M in the continued development of our site. In addition our promotional spend runs into millions and includes advertising, PR and digital marketing.

We would encourage public funds to be directed towards further publicity campaigns to help stimulate the market. The DECC funded ‘Go Energy Shopping’ campaign in February 2015 had significant impact on consumer engagement and switching levels. During the first week of this campaign Moneysupermarket.com saw a 55% uplift in visitors to the energy channel compared to the same period the year before. Although the campaign launch coincided with media coverage about the CMA’s Market Study, this shows that wider Government led marketing initiatives help stimulate the energy switching market more than separate business led initiatives.

In our view, we would like to see Ofgem build trust in the existing accreditation scheme so that consumers can use commercial PCW with confidence.

(a) Would this remedy be effective in increasing customers’ trust in PCWs and thereby encourage engagement in the markets and switching?
An additional publically operated comparison service may undermine trust in the commercial sector. Greater emphasis on promoting the accredited sites may more effectively build trust in the energy comparison market.

(b) **Should this service be online-only, or should it also operate over the telephone for those customers without access to the internet?**

We would like to Ofgem and DECC resources directed towards people that may not have switched supplier and have the most to save by switching.

These resources may be most effective by implementing nudge activity such as contacting vulnerable consumers to help build trust in the switching process.

(c) **Is there a risk that such an independent service could undermine the development of other PCWs in the energy sector? How could this risk be mitigated?**

Any independent service operated by Ofgem may raise questions over why an additional accreditation scheme is required for PCWs.

If exclusive deals which have been developed by PCWs and energy suppliers are also available via an independent service, there will be less of an incentive for PCWs to develop such deals and invest in continued technological development.

(d) **Should the Ofgem website quote the energy suppliers’ list prices only? Or should it seek to provide full details of all quotes available on the market (including on other PCWs), ie function as a meta-PCW?**

There is a real risk of undermining consumer confidence if Ofgem lists generic prices. We already see confusion caused by inconsistent usage quotes and any further data released will only compound the issue.

A customer may not understand that they’re going to be seeing two sets of prices, with only the second iteration allowing an opportunity for them to purchase.
(e) **How could we ensure that an Ofgem price comparison service was robust in terms of offering all tariffs available on the market? Should there be an obligation on retail energy suppliers and/or PCWs to provide information to Ofgem on their tariffs?**

Should Ofgem provide a comparison service offering a list of all tariffs, it may want to compel the energy companies to provide data on all prices available (including any exclusive deals with PCWs). This data is currently not held centrally and PCWs are required to request it from each individual energy supplier.

(f) **Should any price comparison service operated by Ofgem be transactional, ie be able to carry out switches for consumers, or should it provide information only?**

There is a significant investment in terms of technology and data analysis required to carry out a switching service. We would like to see Ofgem’s resources focused on engaging with people that may not be aware that they can save money or are concerned about the burden associated with the switching process.

(g) **What would be the likely costs to Ofgem of offering this type of price comparison service? Would Ofgem need additional funding and/or statutory.**

Last year we invested £16.5M in developing our website. This does not include building a switching and comparison service from scratch and we are building on an established level of consumer awareness of our brand.

**How should customers be made aware of the existence of this service? Should information be provided by energy suppliers on bills/during telephone calls? Should PCWs be required to provide links to the Ofgem website during the search process to allow customers to cross-check prices?**

We saw a significant uplift in consumer engagement following the DECC and Ofgem led consumer awareness campaign in early 2015. Our insight suggests that there was a halo effect on the energy switching sector but brand awareness of ‘Go Energy Shopping’ and Ofgem amongst consumers is still low. During the first week of this campaign
Moneysupermarket.com saw a 55% uplift in visitors to the energy channel compared to the same period the year before. However, only 1.5% of visitors during that same period came via Ofgem’s Go Energy Shopping website. Government led marketing initiatives help stimulate the wider energy switching market more effectively than business led initiatives. The resulting consumer action from a Government campaign is that the resulting consumer activity is divided between the entire market (energy suppliers and PCWs) rather than directed to the specific Ofgem website.

We would like to see consumers prominently directed to information about energy switching on the Ofgem website by the energy companies on annual energy bill statements so they understand the switching process and can then go on to compare prices and switch with confidence.

We would urge caution against adding additional steps to the customer journey by linking out to any independent or third party websites so that consumers can check prices. We would like to see any lack of consumer confidence in prices address through other means such as greater understanding of the Ofgem accreditation scheme and addressing price disparities caused by the implementation of personal projection and seasonality.

(h) Is there any additional information that Ofgem should provide on its website relating to energy suppliers and/or tariffs to facilitate the customer search and switching process?

N/A

Remedy 9 – Measures to provide either domestic and/or microbusiness customers with different or additional information to reduce actual or perceived barriers to accessing and assessing information

With 7 in 10 households currently stuck in zombie, or more expensive standard tariffs, more needs to be done to stimulate the 34 per cent of people that have never even considered switching. Energy providers have been taking advantage of the long term apathy in the market and it clearly hasn’t been in their interests to encourage customers to move onto cheaper deals. We want to see the Government, and energy providers do more to engage with people trapped on zombie tariffs, such as; provide tailored warnings and consider using
customer touch points beyond the energy providers’ annual statements - such as direct marketing from DECC, mobile phones and social media to reach them.

(a) Does the current format and content of energy bills facilitate engagement by customers? Is there additional information that should be included on bills? Should the quantity of information on bills be reduced to enhance clarity?

RMR has made some headway in simplifying energy bills so people can more easily access the information they need to compare prices and switch to a better deal. We also note the introduction of QR codes or similar technology could relieve some of barriers to switching, as it means there is less onus on the consumer to find the key information within what can be extremely long and wordy bills.

The suggestions elsewhere within this paper enabling suppliers to widen the tariff structures could add further complexity to bills and we would warn against giving free reign to suppliers in this area without ensuring uniformity on bill display.

The report fails to address whether consumers open their energy statements and read their bills. Simplification of energy bills will not help consumers that are engaged in the energy market enough to open and review their energy statements.

We would encourage the CMA to work with supplier to find new ways for those businesses to communicate with their customers, in a way that truly improve consumer understanding in an area they are currently experiencing high levels of confusion.

(b) When customers seek to switch tariffs, are they given enough/too much information on the terms and conditions of their new contract?

Focusing on the amount of information provided may not be the most appropriate indicator as the manner in which it is provided and language used may have a greater bearing on consumer behaviour.

It would be more useful to consider the language used in the terms and conditions and suggest that this issue is considered alongside wider concerns about the clarity of financial documents and complexity that comes with those products.
(c) Should customers be prompted to read their meters (quarterly or annually), either by information on their bill or by a phone call from their energy supplier? Would this increase engagement by improving the accuracy of billing?

Monthly meter readings would provide the most accurate solution to all consumers regardless of supply and tariff type. Smart meters will help consumers better understand what their usage equates to in pounds and pence so it should play in to behaviour more going forward. Apps and other available communications from the energy market should be used to prompt this.

Once customers reach the end of a contract period, should subsequent bills highlight that they have now been moved onto the standard variable tariff and/or other default tariff and encourage them to check whether they are on the most appropriate tariff for them?

Remedy 10 – Measures to prompt customers on default tariffs to engage in the market

With 7 in 10 households currently stuck in zombie, or more expensive standard tariffs, more needs to be done to stimulate the 34 per cent of people that have never even considered switching. Energy providers have been taking advantage of the long term apathy in the market and it clearly hasn’t been in their interests to encourage customers to move onto cheaper deals. We want to see the Government, and energy providers do more to engage with people trapped on zombie tariffs, such as; provide tailored warnings and consider using customer touch points beyond the energy providers’ annual statements - such as direct marketing from DECC, mobile phones and social media to reach them.

(a) What information should be included in the prompts to customers on default tariffs in order to maximise the chances that they are acted upon?

Energy companies are already required to provide wealth warnings on energy bills so their customers know that cheaper tariffs are available. Clearer warnings for the consumer outlining:

- How they can compare energy prices from across the market
- How much they could save
• Reassurance that the switching process is non-intrusive (switching energy provider does not require new meters or pipes to be installed).

(i) Should customers who have failed to engage be informed that they are ‘no longer under contract for energy’, that they have been ‘rolled onto a safeguard tariff’, or an alternative message, for example, emphasising how many customers in their area have switched in the last year?

(b) How should prompts be communicated to customers? For example, there is some evidence from the financial sector that text prompts are particularly effective at raising awareness in terms of overdrafts etc.

Our own customer engagement activity has shown that consumers are more likely to respond to personalised direct communication than to general circulars.

We suggest that the CMA continue to explore options such as SMS. It is also important that issues such as trust of energy suppliers is also leading to a stagnation of this market. We suggest that the CMA also therefore considers who should be contacting consumers at the various milestone – is there a role the Government or trusted consumer bodies can play here?

(c) What should be the timing and frequency of prompts in order to balance effectiveness in terms of encouraging engagement with the cost and potential irritation that might arise from repeated prompts?

n/a

(d) Who should provide the prompts: customers’ energy suppliers, Ofgem or another party?

We would encourage the CMA to look at whether disengaged consumers that have never switched are more likely to respond to push notices from other trusted sources such as DECC and Ofgem.

(e) Are there particular groups of customers who should receive prompts at specific points? For example, should house-buyers be prompted to engage with the market on completion of their purchase?

We would like to see particularly vulnerable groups targeted at appropriate milestones. Consumers that purchased via unsolicited doorstep sales and phone calls may have moved
onto default tariffs. Work needs to be done to help rebuild their trust in the switching sector and engage with them.

There is also work that can be done with consumer groups like the NUS, landlord groups and estate agents to target both home buyers and renters.

(f) Is there benefit in others in the markets, such as rival energy providers or TPIs, being made aware of which customers remain on default tariffs (or have been rolled on to the safeguard tariff)? In this respect, data protection issues would need to be carefully considered. The ability of other market participants to identify inactive customers, however, has the benefit of potentially encouraging the customer to switch tariffs once out of contract.

Yes. At present we are unable to contact consumers when the fixed rate tariff is about to end due to the nature of our relationship with energy suppliers. We would like to be able to send clear warnings to consumers that the deal they last purchased via our comparison service is coming to an end and that it is time that they compared options again.
prompted to engage with the market on completion of their purchase?

(f) Is there benefit in others in the markets, such as rival energy providers or TPIs, being made aware of which customers remain on default tariffs (or have been rolled on to the safeguard tariff)? In this respect, data protection issues would need to be carefully considered. The ability of other market participants to identify inactive customers, however, has the benefit of potentially encouraging the customer to switch tariffs once out of contract.

This would need to be applied with care to make sure consumers are not bombarded with sales messages. We support any data and information sharing initiative that helps businesses engage with consumers on a personal level so would encourage this initiative to be explored further.

Remedy 11 – A transitional ‘safeguard regulated tariff’ for disengaged domestic and microbusiness customers.

Ultimately consumers have to take control of their energy bills and be prepared to switch.

With energy bills costing up to 10 per cent of household expenditure, for those who’ve never changed their energy tariff, it is vital they take control and switch to a cheaper fixed rate deal, as there are tariffs available for around £900 a year.

Although, we agree that more needs to be done to target people that are trapped on zombie tariffs, we would have concerns about the unintended consequences of moving them on to safeguard tariff.

We cannot ignore that some customers will have made a conscious choice to stay on these tariffs.

There is no evidence to show that moving people onto a capped tariff, will increase competition within the energy market, stimulate switching or increase trust in the energy sector. Any kind of price intervention is likely to lead to even lower switching rates, less innovation in terms of attractive tariff development and greater consumer apathy.

(a) Should the safeguard tariffs be set on a cost-plus basis, or should they be related to other retail prices?
N/A

(b) If the safeguard tariffs were set on a cost-plus basis, which approach(es) we should consider to determining the wholesale energy cost element of the tariffs? What are the relative merits of the proposed approach(es) in the context of the purpose of the safeguard price cap?
(c) Could the imposition of a transitional safeguard price cap result in energy suppliers reducing the quality of service offered to customers on this tariff? Is this risk reduced by customers’ ability to choose alternative, unregulated tariffs?

(d) Should all domestic and microbusiness customers on default tariffs be rolled onto the safeguard tariff, or should this remedy only apply to a subset of these customers? If this remedy should not apply to all customers, why? And how should energy suppliers identify those customers who should be covered?

Introducing a safeguard tariff to all customers on a default tariff will not help stimulate the market. It would be more effective to stimulate the market to engage disengaged consumers to switch.

Any safeguard tariff should only be used to protect the most vulnerable in society that may not be in a position to engage in the energy market due to their access to online media such as the elderly.

(e) How should the headroom be calculated to provide the right level of customer protection while not unnecessarily reducing healthy competition?

(f) What regulatory information would be required to set the safeguard tariffs?

(g) How long should the safeguard price caps be kept in place? Is it appropriate to include a specific sunset provision, or should there be a commitment to review the need for and level of the safeguard price caps after a certain period of time?

(h) How long should the safeguard price caps be kept in place? Is it appropriate to include a specific sunset provision, or should there be a commitment to review the need for and level of the safeguard price caps after a certain period of time?

(i) How frequently – if at all – would the level of the cap need to be reassessed? If the cap is set on the basis of directly passing through wholesale and network costs, then it may not be necessary to revisit the safeguard price level.

(j) Which energy suppliers should be subject to the safeguard cap, and why? Should it be restricted to the Six Large Energy Firms, or should all retail energy suppliers be covered?

(k) How should the transition from the current arrangements be managed? We note that an immediate requirement to change the prices for all customers
on standard variable tariffs, rollover, evergreen, deemed and out-of-contract tariffs might put pressures on certain suppliers more than others. Should there be, therefore, a period over which the safeguard price cap is phased in? If so, how long should this period be and how should the transition work?

(I) Would energy suppliers have the ability to circumvent the remedy, for example, by encouraging disengaged customers to switch on to less favourable, unregulated tariffs, and how such risks could be mitigated?

(m) Should the CMA set the level of the safeguard price caps itself, or should make a recommendation to Ofgem to do so?

(n) Are there any potential unintended consequences of setting safeguard price caps, for example, in terms of their potential impact on the level of other, unregulated tariffs?

Any kind of price intervention is likely to lead to even lower switching rates, less innovation in terms of attractive tariff development and greater consumer apathy.

We would urge the CMA to consider the impact this would have on competition in the market. We would have concerns about whether suppliers would have the incentive to create keenly priced tariffs if they are required to move significant proportion of their customer base onto a safeguard tariff.

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2. Moneysupermarket.com data H2 2014