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Competition and Markets Authority
Victoria House,
37 Southampton Row
London WC1B4AD

09 November 2015

Dear Sir/Madam

Re: Energy market investigation – Informational remedies, customer engagement and switching for domestic customers

We noted with interest the publication of your Energy Market Investigation Provisional Findings Report (the “**Report**”) on the adverse effects on competition in the UK energy market (AECs) and the potential remedies to those AECs set out in the attached Notice of Provisional Remedies (the “**Notice**”).

As a charity with over twenty years’ experience in running household energy engagement programmes, we know, just as you have identified in the Report that consumers feel a lack of confidence in and engagement with their energy supplier. However, in view of the behavioural insights which we have gathered from thousands of households in the past 12 months, we note with some concern the heavy bias of your suggested remedies towards technical interventions (i.e. smart meters).

This remedy ignores the following:

- The clear conclusion of your investigation that householders do not always make rational decisions even when provided with the information and tools they would need to do so;
- The growing body of evidence to support the principle that smart meters, without additional behaviour change interventions (trusted messengers, social norms and incentives/competition) will not succeed in engaging households in their energy bills.

In order to assist in your ongoing review of potential remedies we have attached to this letter a summary of the behavioural insights which we have gained from our most recent household energy engagement programme, the Big Energy Race. Between October 2014 and March 2015 we enlisted 39 community champions and provided them with the tools and the messages to

GLOBAL ACTION PLAN

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Charity registered in England and Wales No. 1026148, in Scotland No. SC041260.

Registered company in England and Wales No. 2838296. VAT No. 625 994 009.

empower more than 4,000 households to make 9,000 new energy saving actions in their homes.

This is an example of a robust and proven approach to providing energy information to households, including:

- a trusted and easy to navigate digital information hub
- enthusing, training and supporting trusted local messengers (volunteer champions)
- producing motivational messaging and collateral that removes barriers to action

In **Annex I** we have set out more details of the model which we have used to engage thousands of community members/householders in the UK: We have also identified the benefits that energy suppliers can deliver to consumers through the following tried and tested behaviour change levers:

- peer-to-peer messaging (local community champions as opposed to paid energy advisers)
- strong (local) social norms
- collaborative competition between communities

Importantly the insights data which we have collated from the programme backs up your assertion that switching is not a 'small ask' for consumers. Instead there are a number of energy challenges which households will more readily perform, which in turn help them to develop the competence and the confidence to switch.

I very much hope that this information will assist in your ongoing investigation. In addition to the information outlined in Annex I, we would also refer you to our **Keeping it Local** Insights Report and we would be happy to assist in signposting you to other sources of data which support the need for far greater consumer engagement beyond the smart meter.

Yours faithfully,

Hugh Goulbourne
Director

ANNEX I - GLOBAL ACTION PLAN SUBMISSION TO THE COMPETITION AND MARKETS AUTHORITY:

INFORMATIONAL REMEDIES TO FACILITATE WIDESPREAD CUSTOMER ENGAGEMENT AND ADDRESS BARRIERS TO SWITCHING BY DOMESTIC ENERGY CUSTOMERS; REPORT ON BIG ENERGY RACE 2015; OTHER RECENT GAP PROGRAMMES TO ENGAGE UK HOUSEHOLDS ON ENERGY

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I. BACKGROUND

Global Action Plan is the UK's largest environmental behaviour change charity, with over 20 years of experience in delivering volunteer-led community action programmes.

2014/15 saw the launch and delivery of the UK's first ever Big Energy Race in partnership with British Gas, EDF Energy, npower and Green Energy. Using our many years' experience of working with thousands of volunteers, we empowered 39 community champions to engage over 4,000 households in tackling their energy bills, by collectively undertaking 9,000 energy saving challenges.

We know from the insight that we have gathered over the past ten months that consumers are desperate for energy companies to support national and importantly impartial schemes like the Big Energy Race that enable them to become more engaged with their energy bill. This is a position that was recognised in the Competition and Market Authority's Provisional Findings Report (Section 12) which found that customers find it difficult to see, feel or understand the electricity and gas that is so vital to their everyday lives. Despite being the second biggest cost for most households, most consumers need something that will bring the energy challenge in their home to life.

In the sections below we set out:

- the insights which support the proposition that the Big Energy Race is an example of an informational remedy which is hugely effective for engaging households on their energy bills (section 2)
- the key elements of the Big Energy Race as an engaging informational remedy (section 3)
- a summary of the programmes which have helped us to develop the behavioural levers/collateral which were deployed as part of the Big Energy Race (section 4)

We would suggest that this evidence is particularly valuable in relation to the challenges you outline in the consultation: facilitating widespread customer engagement, informational remedies, and measures to address barriers to switching by domestic customers (see paragraph 39 (a) and the associated question in 60 (b) of the Notice).

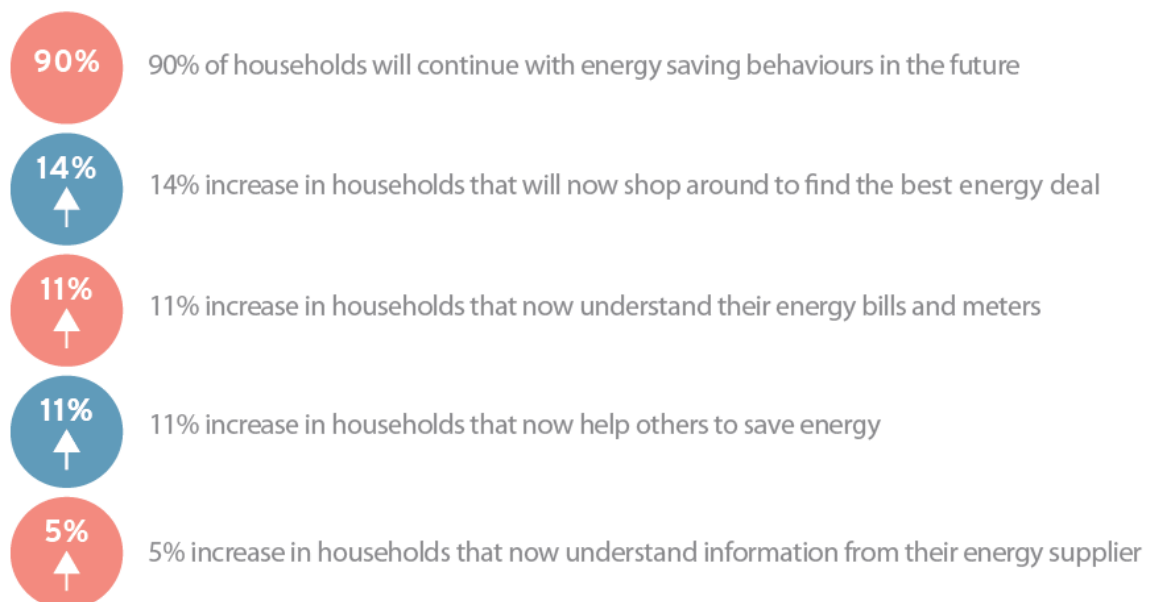
2. BEHAVIOURAL INSIGHTS

The Big Energy Race is an example of a tried and tested programme which can be scaled up to give customers the encouragement they need to make informed choices and thereby drive innovation and competition in the energy sector. Key elements of the programme included:

- The partnership between a recognised environmental charity, trusted local messengers and a cross section of energy companies provided a trusted brand for households.
- The opportunity for households to work with one another towards a collective goal provided an incentive for early adopters to get involved.
- This in turn provided a social norm for those households who are not usually engaged in energy matters.
- Finally, the blend of collective competition (completing individual household challenges contributed points towards a community energy saving fund) and individual rewards (energy saving prizes) gave an incentive for households to continue on the route to becoming energy experts.

Despite the relatively short length of the 2015 programme, our analysis shows there were statistically significant changes in knowledge, attitude and behaviour amongst the 4,000 households that took part - from simple energy actions at home to confidence and ability in helping others in the community to save energy (see Figure 1).

Figure 1



It is noticeable that of the top ten challenges undertaken by the 4,000 participating households, tariff and supplier switching activities were the hardest to get households to undertake (see Figure 2).

Figure 2

Challenge Type	Top 10 Challenges Undertaken Big Energy Race 2015	Rank
Action Stations Simple energy saving actions at home	Switch TV off when not watching	1
	Shorter shower	2
	Close fridge door	3
	Wash at 30	4
	Only boil water needed	5
Measuring Up Understand billing and meter information	Find your meters	6
	Understand your bill	7
	Give meter reading to supplier	8
Savvy Shopper Investigating and changing tariffs	Use Energy Shopper website	9
	Register for Priority Service Register (PSR)	10

Importantly for the purposes of the Competition and Market Authority's investigation this reinforces our previous behavioural insights which show that when households are given a series of simple energy challenges and pledges, they are then very likely to become empowered to make the journey to more difficult 'asks' such as switching energy tariffs and tracking meter readings.

This insight is particularly relevant in relation to the CMA's exploration of the benefits of smart meters as summarised in Paragraph 53 onwards of the Consultation on Potential Remedies. Whilst the advent of smart meters will remove a large number of barriers to consumer switching – enabling them to visualise their energy usage and to switch almost immediately between tariffs and suppliers – it cannot be assumed that consumers will jump to switching as their first action following the adoption of a smart meter. Instead our insights suggest that this will only happen after a period of engagement and confidence building through some more simple actions associated with their smart meter and in home display.

Our data also offers some insights in relation to your proposed remedy 3 – the removal from domestic retail energy suppliers' licences the 'simpler choices' component of the RMR rules allowing suppliers to offer customers as many tariffs and/or tariff structures as they wish. Feedback from the 'Be an Energy Shopper' challenge element of our programme suggests that households were overwhelmed by too many choices and so whilst the click through rate was relatively high

153, the switch rate 17 remained low. We would therefore strongly suggest that the Competition and Markets Authority considers carefully whether the relaxation of tariffs will produce disadvantages which are disproportionate to the aim. Our suggestion is that additional tariffs should only be introduced where Ofgem agrees that they will assist households to reduce their energy demand.

We would also note that those households who decided against switching accounts gave a range of reasons for staying with their current supplier, including:

- High level of satisfaction with current supplier's customer services
- Trust for supplier's ethical standards
- Support for supplier's environmental standards.

Households were also wary of the fact that they had been caught out in the past by increased charges following a discount period.

3. KEY ELEMENTS

3.1 A TRUSTED DIGITAL PLATFORM

Over the course of the programme, community volunteers have told us that they found our platform extremely valuable as a trusted and simple to use single point of reference through which they can engage households in their community (see Figure 3).

Figure 3



We know there is much more that we can do and we are already working on the following improvements from insights gained from households:

- A simpler website structure to make team and team member recruitment easier
- Improved accessibility and navigation to make participation more intuitive
- Greater integration with existing social networking platforms (Facebook, Twitter and Instagram) to enable those who are less comfortable with the internet to become engaged in the programme

3.2 AN ARMY OF TRUSTED MESSENGERS

During Big Energy Race 2015 we established a strong network of 39 regional community champions across England, Scotland and Wales. These volunteers took part as Team Leaders and were supported to cascade information in their regions and teach others to save energy.

The majority of those engaged (59%) were non-environmental groups (see for example Figure 4 below), which has meant that we have been able to work with households that are not usually attracted by these programmes.

Figure 4



Engaging shoppers during the Big Energy Race 2015 regional roadshow

As a charitable endeavour, the Big Energy Race has the ability to reach out to non-traditional households through avenues that energy companies cannot do without significant extra cost:

- Targeting community volunteers through networks of not for profit organisations and free digital platforms
- Up to £6,500 per month of Google Ad Grants – Google’s free allowance for charities using their online advertising and Pay Per Click tool, Google AdWords
- Providing energy saving give prizes provided by companies who are keen to market test their new energy saving products with a wide consumer base.

This represents a useful model for the Competition and Market Authority's around how to address weak customer response and disengagement in domestic retail energy markets, amongst non-traditionally engaged groups to 80%.

3.3 ENGAGING HOUSEHOLDS

In 2015 the Big Energy Race engaged 16,000 households of which we activated 4094 households (i.e. 1 in 4 households who were contacted by our team leaders (local champions) took on new energy challenges.

We achieved this through careful segmentation of our messages for different household audiences, (see for example a registered social landlord who was our North West Race Marshall in Figure 5).

Figure 5

“As we are Sainsbury's Ladbroke Grove Charity of The Year, we delivered on an iPad Taster session in their Cafe. We thought it was a perfect opportunity to share information about the Big Energy Race with the weekend shoppers!”

SHC - London Team



Big Energy Race Energy Packs
Communities use these to engage people



Examples of communications to engage households in Big Energy race 2015

4. SUMMARY OF OTHER RECENT HOUSEHOLD ENERGY PROGRAMMES:

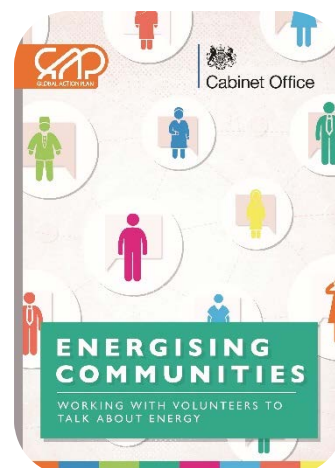
4.1 ENERGISING COMMUNITIES, CABINET OFFICE SOCIAL ACTION ENERGY PILOT 2014

Peer-to-peer messaging: This 3 month-pilot with Behavioural Insights Team and 87 tenants of 6 registered social landlords* demonstrated the power of working with volunteers to increase uptake of energy saving behaviours among friends, family and neighbours.

Additional insights

- With the right training and support volunteers can promote simple energy saving behaviours
- Eye-catching and useful collateral gives confidence in the resources
- Acknowledging what people are already doing helps them act consistently and take further energy-saving actions

Individual savings: up to £60 per year



* Aster Communities, Community Gateway Association, Gentoo, Newlon Fusion, Poplar HARCA, Riverside

4.2 RADIATE HEAT / HOT TIPS. DECC SMART METER PILOTS 2013

This 6 month pilot with 500 tenants of Bolton at Home and Twin Valley Homes proved the need to understand household barriers to behavioural change and design ways in which to remove those barriers.

We provided a tool, a radiator key with instructions, that removed the additional action (going to the shop to buy a radiator key) and enabled households to focus on one behavioural change – removing air from their central heating system.

Additional insights

- Social proof can be provided at scale, e.g. through a letter written by a fellow tenant or resident.

Reported change in behaviour: 59% simply from receiving a pack



“I DIDN'T HAVE A RADIATOR KEY SO IT WAS USEFUL TO MAKE SURE THAT THE HEAT IS CONSTANT. I'VE NEVER DONE IT IN THE FOUR YEARS I'VE BEEN LIVING HERE BECAUSE I DIDN'T THINK ABOUT IT.” PARTICIPANT

4.3 LOOK AFTER THE CLOTHES YOU LOVE. SOCIAL MARKETING PILOT WITH THE WELSH GOVERNMENT

In this project with 35 households we found that caring for clothes is the most powerful motivator to wash at 30.

This followed a social marketing approach of understanding the barriers and motivations of the audience and then reducing the barriers to the intended behaviour. In our case, the offer or 'product' was a pack containing sample tablets, Q&A and quotes from real people.

Additional insights

- The right 'messenger' is more likely to be the detergent provider, rather than Government or energy companies
- Asking people to try tablets at 30 for themselves enables them to self-determine whether it will work for them.
- Allowing people to pass a pack to a friend was an effective way to pass on the message.



Care for clothes was a greater motivator than saving money, saving energy or care for the environment.

“I WASHED THEM AT 30 DEGREES, I DID TWO LOADS OF WASHING WITH THOSE AS WELL. WHICH I DON'T USUALLY DO.”

“I READ THE LEAFLET AND THOUGHT OH NO NOW I AM GOING TO HAVE TO TRY A 30 DEGREE WASH, BECAUSE I NEVER HAVE BEFORE, SO IT DID MAKE ME THINK OH I HAD BETTER GIVE IT A GO THEN.” PACK RECIPIENTS