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We would preface all our responses with the following comments

Dermot Nolan was on radio 4 today talking about the need to reduce prices; if the world was in fixed term contracts where is the flexibility or incentive to reduce those prices

RMR has been declared flawed and we are about to make the same mistake again.

Ofgem are a regulator not a manger of the market. The market is already over regulated to the point where micromanagement is a reasonable description. The reason people don't engage with annual statements is that by being over prescriptive Ofgem have stifled any innovation in communicating the information to our customers.

Why do you think that customer's would want even more prescription in the form of a fixed term contract! Why is it assumed that is in the consumer's best interest?

Fixed term and fixed price contracts have stings in the tail. If the market falls the customer is left paying a higher price; if it rises, while the consumer is 'hedged' against it, at the expiry of the contract there could be a nasty shock.

This proposal is based on the flawed logic of two of the biggest players in the market. We find it difficult to find a correlation between a fixed term contract and engagement. People engage at the end of a fixed price contract because of price, that is understandable; what does not follow is that if you put customers into fixed term contracts, or should I say force them into fixed term contracts, they will engage. Frankly I think many will be apoplectic that they are being forced into a fixed term contract. I think you need to consider whose interests are served by locking people in.

Examples of annual statements were given as a reason why this remedy would work- not so. If we write to remind the consumer what he uses and the price he is charged it surely follows that if they don't switch, they are satisfied with the deal they are on. If a price increase isn't a sufficient call to action for a SVT consumer, could it be that they consider they are paying a fair price for the service and energy they get.

This is again intervention for interventions sake and will have disastrous unintended consequences as RMR did. It ignores the fact that some customers may choose to be loyal to a brand, big or small that has served them well.

If we are going to make changes let's make some that have a chance of working not further confusing or enraging the consumer.

Kind Regards,

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a) ***Would this remedy be effective in encouraging customers to engage more frequently in the market? Are there certain groups of customers who could not be covered by this remedy and, therefore, would not benefit, eg those on prepayment, DTS or other meters?***

Green Energy is of the opinion that this remedy is wholly inappropriate for the energy market in its current guise. OFGEM, politicians and the CMA in its original findings have identified that customer switching is the best route to improving competition in the market and in the long term driving down retail prices. While we do not necessarily agree with this opinion, implementing a policy which would lock domestic consumers to an energy supplier for long periods over which that customer would be unable to switch seems to be counter intuitive.

We realise that consumer engagement with the energy market is low, but we have seen over the past few years with the advent of Annual Statements and Citizens Advice mail outs that there is no way to force a dis-interested public to engage. We do not see why we should believe that a different message around contract terms would have a different impact.

The majority of suppliers will already offer fixed term deals, and Ofgem, the press and the government has been very active in promoting these. Therefore, the fact that many consumers do not move on take up fixed term contracts has to be put down to the fact that either consumers are happy with the flexibility variable contracts afford them, or they do not care enough to engage. A letter informing them that they are now locked into a contract is unlikely to change this, in fact is likely to lead to a decrease in engagement as a customer will be unable to take action until a given point of the year (maybe every other year) by which time energy may well have fallen off the household agenda.

The engagement at the end of a fixed term contract is about price. We recognise that this will be a major factor for many households, but we would again like to remind the CMA, Ofgem and government that not every decision is made on price. Standards of service, ease of transaction and ethics also play a part to name but a few. We note that there seems to be a place in the supermarket industry for premium retailers as well as those who offer cheap end products. We do not see why the overriding opinion seems to be that the energy market is distinctly different.

We also view the potential remedy as a barrier to entry; we are starting to see a growth in the customer numbers of independent suppliers. Green Energy commissioned ComRes Research in 2014 which found that despite the bad news stories in the media 50% of domestic consumers trust the "Big 6", the figure for independent suppliers was close to 30%. There are huge benefits to brand recognition and the advertising budgets that are enjoyed by the former PES suppliers which independent suppliers have to battle against. Therefore consumers tentatively considering trying one of the small suppliers will be less inclined to do so if they have to lock themselves into a fixed term contract as opposed to the current flexibility they are afforded. We also find it very concerning that the CMA are using the evidence given by two of these Big 6 players as justification for this potential remedy. The Big 6 are currently losing customers, it is therefore inappropriate and anti-competitive to allow these players who have been given so many market advantages to lock in their sticky customer bases.

Finally we would like to put on record that the micro management of suppliers businesses is rapidly eroding a supplier's ability to innovate. We are either competitive businesses or arms of the state, we cannot be both. If we are genuinely interested in running a competitive energy market then suppliers must be allowed to differentiate and be flexible. We all operate under the same commercial conditions with the same global price of energy; therefore if suppliers are forced to all look, act and feel the same to a domestic customer then what is the point of switching?

We feel the question is worded incorrectly as we do not believe any customers will "benefit" from being locked into a contract they did not agree to, but DTS customers would be very unlikely to be given a fixed price deal, although fixed term does not necessarily mean fixed price.

*i) **To what extent is the higher level of engagement observed in response to end of fixed-term contract notifications the result of the type of customer who has chosen those products, rather than a response to the notification itself?***

The customers who are currently on fixed term contracts have (at some point) engaged in the market. Therefore it is safe to assume that these customers are motivated and will engage again. As a result we feel the evidence submitted by two Big 6 suppliers that have prompted this potential remedy consultation is essentially null and void. What we all want to see is engagement with the elements of the customer base that have never done so before and are therefore likely not on the best tariff to suit their needs. The remedy to this should be to allow innovation, to allow suppliers to pique the interest of these customers through a variety of means. Not by micromanaging our businesses and stifling the very innovation that will remedy the concerns the CMA has identified as issues.

*b) **Would this remedy be effective in protecting those customers who failed to engage in the market, even after receiving prompts, from paying high prices? Would the extension of SLC 7,9 in the manner proposed by Centrica, provide such protection?***

No, the Centrica proposal achieves very little for those who do not engage:

- a supplier set price;
- a variable (rather than a fixed) price;
- a one year fixed term; and
- no exit fees

This is a variable tariff by another name; it simply adds a further layer of complication to the industry which in turn benefits the Big 6 players as consumers who do not understand the market are far less likely to engage. What this proposal does is attempts to persuade the customer that they are locked into a fixed term deal (which after years of being told that these tariffs provide the best value, implies they are on the best tariff to suit their needs) which will form a barrier to switching.

(c) Should this remedy apply to domestic customers only, or should it also be extended to microbusiness customers?

It should not be applied to either area of the market

(d) The wording of the end of fixed-term notifications appears to be critical to the effective functioning of this remedy. Should Ofgem take responsibility for developing and testing appropriate wording, or should the energy suppliers retain responsibility for this?

It is essential that Ofgem stops taking responsibility for customer communications by delivering overly prescriptive regulation. Ofgem has proved time and time again that it is not good at driving consumer engagement, and as such we support their move towards principle based regulation. We would again reiterate that suppliers must be allowed to innovate. If we are all made to look, feel and sound exactly the same there is no point of distinction and therefore a consumer will believe that there is no point in switching.

(i) If suppliers design these prompts, how can they be incentivised to maximise their effectiveness?

This remedy is designed to benefit the Big 6 players who have declining customer bases that they are keen to protect. There is no need to incentivise the Big 6 to lock their customer in; they will be very keen to do so in order to protect their market share.

(e) Should the default tariff be fixed price as well as fixed term, or should suppliers be allowed to roll customers onto a variable price tariff?

The default tariff has to be variable price unless the CMA's intention is to put up prices to the entire market. The business model used by the larger players in the market and a number of the largest emerging suppliers is to offer fixed term contracts below the actual cost of energy. Once that fixed term deal has expired the customer will be rolled onto a very highly priced variable product in order to subsidise the cheap deals offered to new customers. A cursory glance at any switching site will show that those suppliers who offer the very cheapest tariffs in the market also offer the most expensive. By fixing the price of the default tariff the cheapest deals in the market will disappear and the headline figure that the media, Ofgem etc use to promote the virtues of switching will no longer exist. We do not believe this would be a bad thing as the un-engaged consumer would no longer subsidise the engaged, but we do not believe that this is the intention of the proposal.

We put all of our domestic customers on to variable tariffs, however we do not price prohibitively. We offer one fully renewable tariff and two tariffs where the energy is sourced from Combined Heat and Power. We do not have one group of customers that subsidise another, and we do not lock our customers in. We want our customers to be with us because they choose to be, not because they are forced to be. We feel that this is the ethical 'gold standard' within the industry, and therefore outlawing such a practice would be a mistake.

(i) If the default tariff were variable price, should energy suppliers be required to roll all customers who did not take action onto the same tariff, such that in effect there was only a single variable price default tariff per supplier?

By ensuring that there is only one variable price per supplier this remedy would take no account of the differences in cost between GSP groups and would therefore ensure that tariff is priced for the worst case scenario

(ii) If the default tariff were fixed price, should energy suppliers be required to roll all customers who did not take action within a given period, eg one month, onto the same default tariff? Is there a risk that the existence of multiple default tariffs (eg one for every month) would reduce the pressure on SVT pricing that currently results from media attention on changes to SVTs?

Multiple default tariffs will be a nightmare – it will lead to complaints that the price is higher/lower than for someone else who switched last month.

This is a recipe for higher complaint rates and it's entirely self-inflicted – an own goal.

(f) How should this remedy be implemented in order to ensure it is effective and proportionate?

It should not be implemented

iii) Should energy suppliers be required to provide contact details for all SVT customers or a subset of SVT customers (eg those who have been on the default tariff for several years in a row, eg three or five years) to Ofgem, which could then seek to contact them with further prompts? Alternatively, should suppliers be required to place the contact details of these customers on a shared database, available to all licensed energy suppliers, in order to allow targeted marketing to these customers? We note that GDF has been required to share such information on those of its customers who remain on the regulated tariff in France.

This has implications for data protection and nuisance calls which are already a problem within the micro business and commercial market.

Consumers cannot be forced to engage, nor should they. Reasons to engage should be promoted, but at the end of the day to some people energy is not important enough for them to care.

h) i) Should all energy suppliers be subject to the prohibition on evergreen tariffs?

We do not believe that any energy supplier should have this prohibition placed upon them. We have seen the results of tariff restriction with RMR, and even Ofgem now admit that the policy has been a very expensive mistake.

If this remedy were to be introduced we feel it should be applied to suppliers of a certain size, we feel the 250,000 domestic accounts precedent already in the supply license in numerous locations to be as good a position as any. A supplier under this figure is likely to have engaged with a very high proportion of their customer base recently as they have had to convince that customer to switch to them in the first place.