

Appendix 5.4: Retail Market Review

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Introduction

1. In late 2010, Ofgem launched the Retail Market Review (RMR) due to concerns that the retail energy markets were not working effectively for consumers. In particular, the RMR revealed the existence of certain barriers to effective customer engagement arising, in particular, from complex tariff options, the poor quality of information provided to domestic consumers and low levels of trust in energy suppliers. As a result of the RMR, Ofgem decided to amend certain electricity and gas supply standard licence conditions.
2. The three key components of the domestic RMR reforms package were:
 - (a) simpler choices – designed to make it simpler for customers to understand and compare the energy tariffs offered by suppliers and, accordingly, to encourage customer engagement;
 - (b) clearer information – designed to help customers understand the information they receive from suppliers; and
 - (c) fairer treatment – designed to ensure that customers are treated fairly in all interactions they have with energy suppliers.
3. This appendix: sets out the standard licence conditions that we propose to remove, and the standard licence conditions that we propose to retain under the remedy aimed at withdrawing the ‘simpler choices’ element of the RMR (see Section 6); sets out the standard licence conditions that were introduced under the ‘fairer treatment’ element of the RMR (ie Standards of Conduct); and summarises the requirements that were introduced under the ‘clearer information’ element of the RMR. We are mindful that our proposed RMR remedy would require minor consequential amendments to a number of standard licence conditions. In the context of our proposed RMR remedy, we recommend Ofgem to make such consequential amendments.

4. This appendix sets out the standard licence conditions applying to the retail supply of electricity. The numbers of these standard licence conditions correspond to the standard licence conditions applying to the retail supply of gas. Accordingly, the approach that we propose to follow as regards electricity standard licence conditions in relation to the 'simpler choices' element of the RMR would also apply to the gas standard licence conditions. This appendix does not define the terms contained in the standard licence conditions below. Reference should be made to either the definitions contained in the 'Electricity suppliers Licence: Standard Conditions'¹ or those contained in the 'Gas suppliers Licence: Standard Conditions' as appropriate.²

Simpler choices

5. The aim of the 'simpler choices' component of the RMR was to ensure simpler tariff choices to make the markets simpler and to facilitate consumers' awareness, and their ability to access, assess and act on information available to them. The measures included under 'simpler choices' included: (a) a ban on complex tariffs; (b) a maximum limit on the number of tariffs that suppliers can offer at any point in time; and (c) a simplification of cash discounts.
6. In this section, we set out the standard licence conditions concerning the 'simpler choices' component of the RMR that we propose to remove and the standard licence conditions that we are minded to keep in the context of our proposed RMR remedy.

Standard licence conditions being removed

Unit Rate and Standing Charge requirements

- 22A.3 In relation to any Domestic Supply Contract and any Deemed Contract the licensee must ensure that:
- (a) unless the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff, the Charges for the Supply of Electricity:
 - (i) include a single Standing Charge;
 - (ii) include a single Unit Rate; and

¹ Electricity Act 1989 – Standard conditions of electricity supply licence.

² Gas Act 1986 – Standard conditions of gas supply licence.

- (iii) do not include any other Unit Rate or Unit Rates;
- (b) where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff, the Charges for the Supply of Electricity:
 - (i) include a single Standing Charge;
 - (ii) include Time of Use Rates; and
 - (iii) do not include any other Unit Rate or Unit Rates.

Restrictions on Tariff numbers

22B.2 The licensee must ensure that at all times all of their Domestic Supply Contracts and Deemed Contracts collectively comply with the following requirements:

- (a) the licensee must only supply Domestic Premises on the basis of one of the following arrangements at any time:
 - (i) any Category A Metering Arrangement;
 - (ii) any Category B Metering Arrangement;
 - (iii) any Category C Metering Arrangement;
 - (iv) any Category D Metering Arrangement; or
 - (v) any Category E Metering Arrangement.
- (b) subject to paragraph 22B.2C, in any Region, the licensee must ensure that no more than four of its Core Tariffs are available to a Domestic Customer at any time in relation to:
 - (i) any Category A Metering Arrangement;
 - (ii) any Category B Metering Arrangement;
 - (iii) any Category C Metering Arrangement;
 - (iv) any Category D Metering Arrangement; or
 - (v) any Category E Metering Arrangement.

Prohibition of certain Discounts

22B.3 Paragraph 22B.4 is without prejudice to paragraphs 22B.5 to 22B.29, and 22B.34.

22B.4 The licensee must not use any Discount which is:

- (a) pounds sterling or any currency of any other country;
- (b) capable of being directly redeemed (rather than sold) for pounds sterling or any currency of any other country;
- (c) in any way applied to (rather than incorporated within) a Unit Rate or Standing Charge; and
- (d) in any way capable of being applied to a Unit Rate or Standing Charge by a Domestic Customer.

22B.4A Paragraph 22B.4 does not apply to a Discount which:

- (a) is a dividend which is paid to a Domestic Customer as a result of shares held by the Domestic Customer in a public or private corporation; or
- (b) has similar features to a typical dividend, in that:
 - (i) the entitlement to the payment arises from the Domestic Customer's membership of a scheme which confers voting rights on the Domestic Customer in a similar manner to shares held in a public or private corporation; and
 - (ii) the amount of any payment to the Domestic Customer is based on a share of profits.

Treatment of Dual Fuel Discounts

22B.5 The licensee must ensure that any Dual Fuel Discount is:

- (a) a Discount of a precise monetary amount that is Continuously Applied on a daily basis;
- (b) (if the licensee wishes to offer a Dual Fuel Discount) offered and available with all the licensee's Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs;

- (c) subject to the same terms and conditions throughout Great Britain in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs;
- (d) of the same monetary amount throughout Great Britain in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs;
- (e) not expressed as a percentage; and
- (f) subject to paragraph 22B.24, only presented as a monetary amount in pounds sterling per year.

Treatment of Online Account Management Discounts

22B.6 The licensee must ensure that any Online Account Management Discount is:

- (a) a Discount of a precise monetary amount that is Continuously Applied on a daily basis;
- (b) (if the licensee wishes to offer an Online Account Management Discount) offered and available with all the licensee's Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs;
- (c) subject to the same terms and conditions throughout Great Britain in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs;
- (d) of the same monetary amount throughout Great Britain in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs;
- (e) not expressed as a percentage; and
- (f) subject to paragraph 22B.24, only presented as a monetary amount in pounds sterling per year.

Treatment of Bundled Products

22B.9 The licensee must not use any Bundled Product (including a Bundled Product which constitutes a Discount) which does not comply with paragraphs 22B.10 to 22B.16.

22B.10 For the purposes of paragraphs 22B.12, 22B.14 and 22B.15, a Bundled Product (including a Bundled Product which constitutes a Discount) would not be regarded as having similar Features to another Bundled Product

where the Bundled Product also includes one or more distinct additional Features.

- 22B.11 The licensee may use any one particular Tied Bundle (including a Bundled Product which constitutes a Discount) as a mandatory part of any selection of its Core Tariffs.
- 22B.12 Where, pursuant to paragraph 22B.11, a particular Tied Bundle is a mandatory part of any selection of the licensee's Core Tariffs, the licensee must not:
- (a) use any additional Tied Bundles with those Core Tariffs; and
 - (b) use a Tied Bundle with similar Features to any Optional Bundle used with any Core Tariffs.
- 22B.12A Where, pursuant to paragraph 22B.11, the licensee uses a Tied Bundle (including a Bundled Product which constitutes a Discount) with any selection of its Core Tariffs, the licensee must ensure that the Tied Bundle is available to all Domestic Customers which are subject to those Core Tariffs.
- 22B.13 The licensee may offer Optional Bundles (including a Bundled Product which constitutes a Discount) with all their Core Tariffs (including a Core Tariff which has a Tied Bundle as a mandatory part of it) throughout Great Britain and may restrict the number of Optional Bundles a Domestic Customer may choose to receive.
- 22B.14 Where, pursuant to paragraph 22B.13, an Optional Bundle is offered with all Core Tariffs (including a Core Tariff which has a Tied Bundle as a mandatory part of it) throughout Great Britain, the licensee must not offer or use an Optional Bundle with similar Features to another Optional Bundle or a Tied Bundle used with any Core Tariffs.
- 22B.14A Where, pursuant to paragraph 22B.13, the licensee offers an Optional Bundle with all Core Tariffs (including a Bundled Product which constitutes a Discount), the licensee must ensure that the Optional Bundle is available to all Domestic Customers which are subject to those Core Tariffs.
- 22B.15 The licensee must ensure that, throughout Great Britain, each Bundled Product (including a Bundled Product which constitutes a Discount and a Bundled Product which is subject to paragraph 22B.28):
- (a) contains the same terms and conditions and is of the same monetary amount (or, where paragraph 22B.26 applies, of the same methodology) in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs for every Bundled Product which has the same or similar Features to another Bundled Product;
 - (b) is not:

- (i) pounds sterling or any currency of any other country;
 - (ii) capable of being directly redeemed (rather than sold) for pounds sterling or any currency of any other country;
 - (iii) in any way applied to (rather than incorporated within) a Unit Rate or Standing Charge; and
 - (iv) in any way capable of being applied to a Unit Rate or Standing Charge by a Domestic Customer;
- (c) is not expressed as a percentage; and
- (d) subject to paragraph 22B.24, is only presented as a monetary amount in either:
- (i) pounds sterling per year; or
 - (ii) pence per kWh.

22B.16 Subject to paragraph 22B.28, the licensee must ensure that, throughout Great Britain, each Bundled Product which constitutes a Discount is Continuously Applied on a daily or per kWh basis.

Treatment of Reward Points Discounts

22B.17 The licensee must not use any Reward Points Discount which does not comply with paragraphs 22B.18 to 22B.23.

22B.18 For the purposes of paragraphs 22B.20, 22B.22 and 22B.23, a Reward Points Discount would not be regarded as having similar Features to another Reward Points Discount where the Reward Points Discount also includes one or more distinct additional Features.

22B.19 The licensee may use any one particular Tied Reward Points Discount as a mandatory part of any selection of its Core Tariffs.

22B.20 Where, pursuant to paragraph 22B.19, a particular Tied Reward Points Discount is a mandatory part of any selection of its Core Tariffs, the licensee must not:

- (a) use any additional Tied Reward Points Discounts as a mandatory part of those Core Tariffs; and
- (b) use a Tied Reward Points Discount with similar Features to any Optional Reward Points Discount used with any Core Tariffs.

22B.20A Where, pursuant to paragraph 22B.19, the licensee uses a Tied Reward Points Discount with any selection of its Core Tariffs, the licensee must

ensure that the Tied Reward Points Discount is available to all Domestic Customers which are subject to those Core Tariffs.

22B.21 The licensee may offer Optional Reward Points Discounts with all its Core Tariffs throughout Great Britain and may restrict the number of Reward Points Discounts a Domestic Customer may choose to receive.

22B.22 Where, pursuant to paragraph 22B.21, an Optional Reward Points Discount is offered with all Core Tariffs throughout Great Britain, the licensee must not offer or use an Optional Reward Points Discount with similar Features to another Optional Reward Points Discount or Tied Reward Points Discount used with any Core Tariffs.

22B.22A Where, pursuant to paragraph 22B.21, the licensee offers an Optional Reward Points Discount with all Core Tariffs, the licensee must ensure that the Optional Reward Points Discount is available to all Domestic Customers which are subject to those Core Tariffs.

22B.23 The licensee must ensure that each Reward Points Discount used (including a Reward Points Discount which is subject to paragraph 22B.28):

- (a) subject to paragraph 22B.28, is Continuously Applied on a daily or per kWh basis;
- (b) is subject to the same terms and conditions and of the same amount of points throughout Great Britain in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs for every Reward Points Discount which has the same or similar Features to another Reward Points Discount (excluding Reward Points Discounts with distinct additional Features);
- (c) is not:
 - (i) pounds sterling or any currency of any other country;
 - (ii) capable of being directly redeemed (rather than sold) for pounds sterling or any currency of any other country;
 - (iii) in any way applied to (rather than incorporated within) a Unit Rate or Standing Charge; and
 - (iv) in any way capable of being applied to a Unit Rate or Standing Charge by a Domestic Customer; and
- (d) is not expressed as a percentage.

Additional rules for presentation of monetary amounts of Discounts, Bundled Products etc

22B.24 Where paragraph 22B.25 applies, the licensee must present the information as a monetary amount which is appropriate and not misleading in the particular context or circumstances in which it is used.

22B.25 This paragraph applies where:

- (a) on an occasional basis a Domestic Customer expressly requests information about the monetary amount to be presented in a form which is not pounds sterling per year or pence per kWh; or
- (b) it would be misleading or inappropriate (due to the nature of the monetary amount) for the licensee to present the information about the monetary amount in pounds sterling per year or pence per kWh.

Additional rules for Discounts, Bundled Products etc being of the same monetary amount throughout Great Britain

22B.26 Where paragraph 22B.27 applies, the licensee must use a methodology which is clear and easy to understand.

22B.27 This paragraph applies where, due to the nature of a particular service and the method by which it is performed, the charges for that service could not be of the same monetary amount throughout Great Britain.

Exception to Continuously Applied rule for the Bundled Products which constitute a Discount and Reward Points Discounts

22B.28 The licensee may provide Bundled Products which constitute a Discount and Reward Points Discounts (the “Relevant Product”) on a basis which is not Continuously Applied if all of the following requirements are satisfied:

- (a) the Relevant Product is not a Discount of a type which is subject to paragraphs 22B.5, 22B.6, and 22B.7; and
- (b) where the Domestic Customer terminates their Domestic Supply Contract:
 - (i) the Domestic Customer is not required to pay back or otherwise return a Relevant Product which has already been received; and
 - (ii) in respect of any Relevant Product (excluding any Bundled Product which involves a service of an enduring nature) which

they would otherwise have been entitled to receive at a future date, the Domestic Customer will receive either:

- (1) the Relevant Product; or
- (2) a Compensation Payment.

Requirement for Tariffs to be available to new and existing Domestic Customers

22B.30 Subject to paragraph 22B.31, the licensee must ensure that all its Tariffs are available to, and are capable of being entered into by, both new and existing Domestic Customers.

22B.31 Paragraph 22B.30 does not apply to:

- (a) a Closed Fixed Term Tariff;
- (b) a Collective Switching Tariff;
- (c) a Dead Tariff which complies with standard condition 22D; and
- (d) Tariffs only offered to a particular group of Domestic Customers defined on the basis of criteria specified by the licensee, provided that the criteria do not in any way relate to whether or not the Domestic Customer is a new or existing Domestic Customer.

Standard licence conditions being retained

Recovery of charges³

22A.2 In respect of supplying electricity to a Domestic Customer under a Deemed Contract or Domestic Supply Contract, the licensee must ensure that all Charges for Supply Activities are incorporated within:

- (a) where the Domestic Supply Contract or Deemed Contract is for a Non-Time of Use Tariff:
 - (i) a single Standing Charge; and/or
 - (ii) a single Unit Rate; and

³ The policy intent of this SLC is to standardise tariff structures to help customers better understand tariffs and compare alternatives. For example, the rules on how charges are recovered prevent 'drip pricing'.

- (b) where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff:
 - (i) a single Standing Charge; and/or
 - (ii) Time of Use Rates.

Tariff Name⁴

22B.2 The licensee must ensure that at all times all of their Domestic Supply Contracts and Deemed Contracts collectively comply with the following requirements:

- (c) in any Region, the licensee must not use more than one Tariff Name for each Core Tariff at any time;

Charges for different payment methods⁵

22B.7 The licensee must ensure that any differences in the Charges for Supply of Electricity as between payment methods:

- (a) comply with standard condition 27;
- (b) are applied in the same way to all Domestic Customers with the same payment method;
- (c) are subject to the same terms and conditions and are of the same monetary amount throughout Great Britain for the same payment method in respect of Live Evergreen Tariffs, Live Fixed Term Tariffs and Dead Tariffs; and
- (d) are fully incorporated in:
 - (i) where the Domestic Supply Contract or Deemed Contract is for a Non-Time of Use Tariff, the Unit Rate or the Standing Charge; and

where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff, any or all of the Time of Use Rates or the Standing Charge.

⁴ The policy intent of this SLC is to enable consumers to identify their tariff easily when comparing options, for example when using a PCW.

⁵ The policy intent of this SLC is to improve the clarity and simplicity of tariff offerings by standardising the way in which suppliers can make adjustments for payment methods.

Fixed-term tariffs⁶

Prohibition on further fixed-term periods

- 22C.2 Without prejudice to paragraphs 22C.5, 22C.7 and 22C.8 of standard condition 22C and paragraph 24.9 of standard condition 24 (Continuation of Fixed Term Supply Contract Terms for interim period), the licensee must not extend in any way the duration of any fixed term period that applies to a Fixed Term Supply Contract.

Continued supply after a fixed-term period ends

- 22C.7 Where a Domestic Customer does not change supplier or does not expressly agree a new Evergreen Supply Contract, a new Fixed Term Supply Contract or a further fixed term period for a Fixed Term Supply Contract by the date the fixed term period of an existing Fixed Term Supply Contract is due to end, the licensee must ensure that the terms of the Fixed Term Supply Contract provide that the Domestic Customer will become subject to the Relevant Cheapest Evergreen Tariff.
- 22C.8 Without prejudice to paragraph 22C.2 of this condition and paragraph 24.9 of standard condition 24, if at the end of any fixed term period the licensee continues to supply a Domestic Customer, it must do so on the basis of:
- (a) the Relevant Cheapest Evergreen Tariff which is provided for by the terms of the Fixed Term Supply Contract in accordance with paragraph 22C.7;
 - (b) a new Evergreen Supply Contract which has been entered into with the express agreement of the Domestic Customer;
 - (c) a new Fixed Term Supply Contract which has been entered into with the express agreement of the Domestic Customer and which complies with standard condition 22C; or
 - (d) a further fixed term period in relation to an existing Fixed Term Supply Contract in circumstances where that Fixed Term Supply Contract and that further fixed term period complies with standard condition 22C.

⁶ The policy intent of these SLCs is to make fixed-term tariffs easier to understand and less risky for consumers by aligning offers with their expectations and mitigating concerns about autorollovers.

Prohibition on increasing the Charges for the Supply of Electricity and other adverse unilateral variations

- 22C.9 Without prejudice to paragraph 22C.5, in relation to any Fixed Term Supply Contract, the licensee must not:
- (a) increase the Charges for the Supply of Electricity (including, but not limited to, by making any reduction in the amount of a Discount that is directly applied to a Unit Rate or Standing Charge); or
 - (b) unilaterally vary any other terms and conditions in any way which is to the disadvantage of a Domestic Customer.

Dead tariffs⁷

Prohibition on dead tariffs

- 22D.1 Subject to paragraphs 22D.2 to 22D.22, and without prejudice to a Fixed Term Supply Contract, the licensee must only use (or, where there are any Affiliate Electricity Licensees, the licensee and any Affiliate Electricity Licensees must collectively or individually only use) Live Evergreen Tariffs.
- Exemption to the withdrawal of Live Evergreen Tariffs (SLCs 22D.1A – 22D.1C)
 - Exemption to prohibition on Dead Tariffs (SCL 22D.2)
 - Dead Tariff is already compliant and would be cheaper than or as cheap as Relevant Cheapest Evergreen Tariff (SLC 22D.3)
 - Dead Tariff could be changed to become compliant and would be cheaper than or as cheap as Relevant Cheapest Evergreen Tariff (SLC 22D.4)
 - Requirements to change the terms and conditions that apply to a Dead Tariff and give Notice to Domestic Customers (SLC 22D.5)
 - Requirements to ensure Domestic Customers become subject to the Relevant Cheapest Evergreen Tariff (SLC 22D.6)
 - Annual reassessment of Dead Tariffs (SLCs 22D.7 and 22D.8)

⁷ The policy intent of these SLCs is to address concerns that dead tariffs allowed suppliers to segment the market and contributed to consumer confusion because, for instance, it was difficult for the consumer to find, and hence use, details of their dead tariff as the basis for a switching comparison.

- Notification requirements where Domestic Customers are to become subject to the Relevant Cheapest Evergreen Tariff (SLC 22D.9)
- Exception for notification requirements (SLC 22D.10)
- Requirements for Deemed Contracts (SLC 22D.11)
- Continuation fo Dead Tariffs for interim period (SLC 22D.12 – 22D.15)
- Terms of Domestic Supply Contracts (SLC 22D.16)
- Power to direct restrictions on information included on or with a Notice issued pursuant to paragraph 22D.0 (SLCs 22D.18 and 22D.19)
- Guidance (SLC 22D.20)
- Exception to compliance with condition (SLC 22D.21)

Fairer treatment (Standards of Conduct)

7. Under the ‘fairer treatment’ component of the RMR, Ofgem introduced new Standards of Conduct to ensure energy suppliers are treating consumers fairly. The Standards of Conduct cover all interactions suppliers have with consumers, including marketing activities and dealing with complaints about any aspect of their energy supply. The Standards of Conduct require suppliers to behave in an honest, transparent and professional manner. They must make sure that any information given to consumers is clear and easy to understand.

Condition 25C. Customer Objective and Standards of Conduct for supply activities

Application of standard condition

- 25C.1 Subject to paragraph 25C.6, standard condition 25C applies to all activities of the licensee and any Representative which involve, or otherwise relate to, dealings with a Domestic Customer.

Customer Objective

- 25C.2 The objective of this condition is for the licensee and any Representative to ensure that each Domestic Customer is treated fairly (“the Customer Objective”).

25C.3 For the purposes of this condition, the licensee or any Representative would not be regarded as treating a Domestic Customer fairly if their actions or omissions:

- (a) significantly favour the interests of the licensee; and
- (b) give rise to a likelihood of detriment to the Domestic Customer.

Standards of Conduct

25C.4 The Standards of Conduct are that:

- (a) the licensee and any Representative behave and carry out any actions in a Fair, honest, transparent, appropriate and professional manner;
- (b) the licensee and any Representative provide information (whether in Writing or orally) to each Domestic Customer which:
 - (i) is complete, accurate and not misleading (in terms of the information provided or omitted);
 - (ii) is communicated (and, if provided in Writing, drafted) in plain and intelligible language;
 - (iii) relates to products or services which are appropriate to the Domestic Customer to whom it is directed; and
 - (iv) is otherwise Fair both in terms of its content and in terms of how it is presented (with more important information being given appropriate prominence);
- (c) the licensee and any Representative:
 - (i) make it easy for a Domestic Customer to contact the licensee;
 - (ii) act promptly and courteously to put things right when the licensee or any Representative makes a mistake; and
 - (iii) otherwise ensure that customer service arrangements and processes are complete, thorough, fit for purpose and transparent.

Compliance with the Standards of Conduct

25C.5 The licensee must take all reasonable steps to achieve the Standards of Conduct and ensure that it interprets and applies the Standards of Conduct in a manner consistent with the Customer Objective.

Exception to scope of condition

25C.6 Apart from any matters relating to Deemed Contracts, standard condition 25C does not apply in respect of the amount or amounts of any Charges for the Supply of Electricity or any other type of charge or fee.

Provision and publication of information

- 25C.7 The licensee must prepare and update annually information (hereafter referred to as the “Treating Customers Fairly Statement”) which:
- (a) is set out in Writing;
 - (b) uses a heading which clearly highlights that the information relates to how the licensee is seeking to treat customers fairly; and
 - (c) includes the following information:
 - (i) the main actions taken and being taken by the licensee in line with the Customer Objective and Standards of Conduct; and
 - (ii) the service and treatment Domestic Customers can expect from the licensee and any Representative.
- 25C.8 If the licensee or any Affiliate Electricity Licensee has a Website, the licensee must publish the Treating Customers Fairly Statement on that Website in a position that is capable of easily being accessed by any person.
- 25C.9 If any person requests a copy of the Treating Customers Fairly Statement, the licensee must provide a Written copy to that person free of charge as soon as reasonably practicable.

Guidance

25C.10 The licensee must have regard to any guidance on standard condition 25C (including in respect of definitions which appear in standard condition 1) which, following consultation (which may be conducted before this

condition takes effect), the Authority may issue and may from time to time revise (following further consultation).

Clearer information

8. The RMR resulted in a package of rules designed to provide customers with more relevant and useful information and to ensure that they have information on their energy costs, their energy tariffs and their consumption. These rules mainly affected routine supplier communications with customers, including bills,⁸ annual statements,⁹ price increase notices,¹⁰ end of fixed-term notices, dead tariff notices,¹¹ and mutual variation notices.¹² Ofgem also introduced a number of requirements on suppliers which include: the provision of the tariff comparison rate (TCR), personal projections, the cheapest tariff messaging (CTM¹³) and a tariff information label (TIL) (see further below).

Rules concerning routine communications

9. The RMR also led to new rules concerning individual routine communications with customers, in particular, bills;¹⁴ annual statements;¹⁵ price increase notices;¹⁶ end of fixed-term notices;¹⁷ dead tariff notices;¹⁸ and mutual variation notices.¹⁹ Such rules cover aspects such as the content, and how the information should be presented in routine communications with customers. In summary:
- (a) Bills must contain personalised information for the CTM, and personal projections on the first page. The second page must include a customer's tariff information such as tariff name, exit fees and their annual consumption. It must also include information on the TCR for the customers' current tariff, where applicable.
 - (b) Annual statements must provide a range of information on a customer's energy costs and consumption in a specified layout. This includes

⁸ The bill informs customers of how much they are required to pay using the available information on how much they have consumed.

⁹ The annual statement is a report on energy usage and cost over the past 12 months.

¹⁰ The price increase notice is a letter sent to each customer when their contract is changing, whether due to an increase in price or other change which is to their disadvantage.

¹¹ A end of fixed-term notice is a letter sent to customers in advance of the date the fixed-term period of their fixed-term supply contract is due to end.

¹² The dead tariff notice is a letter sent to customers on dead tariffs, ie evergreen tariffs which are no longer open for new customers to sign-up to.

¹³ SLC 31A and SLC 31E.

¹⁴ SLC 31A.

¹⁵ SLC 31A.

¹⁶ SLC 23.

¹⁷ SLC 22C.

¹⁸ SLC 22D.

¹⁹ SLC 23A.

information such as the CTM, where to find independent advice on switching, a version of the TIL and a graph of a customer's consumption over the last 12 or 24 months.

- (c) Price increase notices must contain two clear and easy to understand tables showing the price increase. These compare the previous and new rates and a comparison of the personal projections at the new and old rates.
- (d) End of fixed-term notices must include information on what the customer's tariff options are at the end of the current tariff and what will happen if the customer takes no action.

Informative tools

10. The RMR led to a number of informative tools designed to ensure that all customers have, on a regular basis, all the relevant information to make appropriate decisions when their current tariff changes, or they are exploring alternative tariffs, and to ensure that such information is simple, easy to find, and easy to understand. The main informative tools introduced pursuant to the RMR are a TCR, personal projections, the CTM and a TIL.
11. The purpose of the TCR²⁰ is to help customers to compare the costs of different energy tariffs by different suppliers. Suppliers are required to calculate a TCR for all tariffs (except time of use and excluded staggered charging tariffs) using a methodology set by Ofgem; present the TCR in all circumstances where they provide price information and where a comparative claim is made; and use the TCR on routine supplier communications with customers and marketing materials.
12. Personal projections²¹ are designed to help customers to make accurate comparisons between suppliers on a like-for-like basis. The personal projection is a detailed customer-specific projection of the cost of a tariff in £/year. Suppliers are required to calculate a personal projection for all tariffs (except time of use and excluded staggered charging tariffs) using a methodology set by Ofgem, and use the personal projection in routine communications with customers and in all marketing materials.
13. CTM²² is a tool that provides customers with personalised information on the cheapest available tariff with their current supplier, including an estimate of

²⁰ SLC 31C

²¹ SLC 31E.

²² SLC 31A and SLC 31E.

how much the customer could save if they switched from their current tariff to alternative tariffs. Suppliers must provide the CTM in routine communications with customers. Among other things, the CTM must include an estimate of how much the customer would save (in £/year), if they changed from their current tariff to:

- (a) a tariff that respects a customer's current preferences ('narrow' savings);
and
- (b) another tariff that is the overall cheapest of all tariffs supplied by that supplier ('wide' savings).

14. TIL²³ is a tool that creates a standard way of presenting energy tariff features to assist customers to understand all the characteristics of a tariff and compare them across suppliers. Among other things, the TIL must include information on fuel type, supplier, tariff name, tariff type, payment method, unit rate, standing charge, tariff end date, the date a price is guaranteed until, any exit fees, discounts and surcharges, additional products or services, estimated annual cost for a medium user and the tariff's TCR. Suppliers must take all reasonable steps to update the TIL prior to any change to tariffs coming into effect.

²³ SLC 31B.