

Mr Will Fletcher  
Project Manager  
Energy Market Investigation  
Competition and Markets Authority  
Victoria House  
Southampton Row  
London  
WC1B 4AD

7<sup>th</sup> April 2016

**Energy Market Investigation – Provisional Decision on Remedies**

Dear Mr Fletcher,

Thank you for the opportunity of responding to the CMA's Provisional Decision on Remedies.

By way of an introduction, Energy Advice Line Limited are an online price comparison service dedicated to Small and Medium Sized businesses in the UK. We are an inbound service that gains the majority of its leads from internet search engines, partners and referrals so we are ideally placed to offer an unbiased view on the market across all business market sectors.

Our core market is PC 03-04 electricity customers consuming less than 50,000kWh's and gas customers with an AQ in the third party domestic range.

Although we have not been involved in the CMA to date, we would be very happy to provide any further information going forward to help make the business energy market for micro customers a much more engaging and transparent space to help them save as much money as possible.

Although we have been actively involved in the process to date, we would like a little more clarification on the following core areas of the remedies:

1. Price Transparency
2. Database

## 1. Price Transparency

Would it be possible to provide some more information around the tariffs that are going to be offered on supplier websites and through PCW's. Although we advocate transparency to help the customer make the right choice are you suggesting that microbusiness customers will still have access to negotiated tariffs through TPIs alongside acquisition and retention tariffs offered by suppliers? If so, would every negotiated tariff need to be made available to all microbusinesses via suppliers' websites?

The role of the PCW is to offer their customer a buying platform that is easy to navigate with access to the best possible product for their business. Product creativity is key to offering this best possible product with the best possible saving. A specially negotiated price can be key to offering the customer the best possible price in many instances and to have this taken away could affect a customer's potential saving. A strong relationship between supplier partner and third party PCW is key to achieving this and the breadth of services provided by the PCW may diminish in an environment where creativity and discounts is affected. This could have a detrimental effect on engagement levels and ultimately a higher price for the business customer.

Businesses that contact us daily to gain a price comparison for their business have often reacted to an unsolicited call that they have just received offering what they think is a good price for their business. Only when we provide a price do they understand the potential savings that can be made so we really do believe that business decision makers just need all of the information in front of them to make a well informed decision.

A process with suppliers offering prices online and signposted well to allow for easier price discovery should help remedy this. The customer can then make the choice of accepting the price online by their supplier or use an intermediary to negotiate a better deal if one can be attained.

Would it be possible to clarify the following regarding online supplier pricing:

- Can the supplier and PWC still offer negotiate prices to the proposed segment?
- Will the prices quoted be fixed tariffs only or will variable tariffs be made available?
- Will tariffs of different contract lengths be made available?
- Given that 5 of the big 6 use online quotation and contract processes currently, what level of engagement have they seen over this channel, specifically, the quote to contract conversion rate?

Our business model is based on retaining an introduction commission for our service. We do not have a problem about disclaiming the payment amount if the customer asks as it helps the customer gain an understanding of the commercial offer. We are also aware that less transparent services earn significantly higher introduction levels for placing the customer and would like to ask why you do not consider

commission disclosure important enough to be part of the remedy to help customers make a well informed and confident decision.

## **2. Database**

We agree that the proposed segment need to be woken up through accurate and engaging marketing. Although holding a database of customers that are on high tariffs is a great idea, we think that this data could be used far more effective than handing customers over to other suppliers to then send mailshots out to them.

Before customers are provided to OFGEM, can you provide clarification on what measures will be undertaken to monitor the content of the letters sent by the customer incumbent supplier? Will these be approved prior to being sent?

Rather than giving customer data to a supplier/s, could we suggest a national campaign with some clever and engaging strap lines and sponsored by the regulator. It could offer the customer the option of using approved TPI Code Members PCW's so that they have a selection of "one stop shops" to go to. This would drive more price comparison websites to the space with an increased level of customers shopping and would offer the customer a great selection of negotiated tariffs and the duty of care on renewal not proven through the supplier direct.

The job of a PCW is to keep the market engaged and to get the greatest possible saving to the customer year on year. The market would just work if the approved PCW was provided with the opportunity of gaining the customer from the national "wake business up" campaign.

If OFGEM do not elect to go down the wake up campaign idea but still wish to pass customer data to companies to make contact, will the database be open to TPI Code members to engage default tariff customers?

If so, when will OFGEM be implementing the TPI Code of Practice to approved members?

As an aside, we really do believe that customers would receive a better service from the PCW if they had the same level of access to ECOES so we can validate a customer's enquiry before offering a quotation. I would really like to get your feedback on if this will be possible going forward.



In summary, I would like to offer our support going forward as the investigation progresses through to the final stage and look forward to hearing from you in due course.

Yours sincerely,

Julian Morgan  
Director  
Energy Advice Line Limited