

TELECOMplusPLC

The Utility Warehouse
Network HQ
508 Edgware Road
London
NW9 5AB

Telephone: 020 8955 5000
Facsimile: 020 8955 5072

Energy Market Investigation Team
Competition and Markets Authority
Victoria House
Southampton Row
London
WC1B 4AD

TELECOM PLUS PLC RESPONSE TO THE CMA'S PROVISIONAL DECISION ON REMEDIES PUBLISHED ON 17 MARCH 2016

It is welcome that the CMA has recognised the importance of innovation in order to meet the needs of customers and create a competitive marketplace, and we support the recommendation to reverse the 'simpler choices' component of the RMR rules, which for the last two years has been inhibiting the ability of some suppliers to provide the range of services that consumers want.

However, we are disappointed that the CMA has not gone further in many areas and we believe that the overall package of remedies will not deliver the desired outcomes, particularly in terms of the unfair pricing issues caused by cross subsidisation of tariffs (a practice which has now extended beyond the Big 6 to many of the independent suppliers).

We still believe that the best solution to these unfair pricing practices would be the permanent introduction of a low single digit maximum delta (x %) between the Standard Variable or Evergreen tariff and the cheapest Fixed Term tariff offered by any supplier at any given time. The advantage of this remedy would be that once set, it becomes entirely self-regulating with no further intervention or involvement needed from the CMA, Ofgem or DECC, and if one supplier is more efficient than their competitors, then all that supplier's customers would benefit, not just those who have recently switched to them. Given a price cap for prepayment customers is being recommended, the use of price controls is clearly seen as an acceptable and appropriate remedy.

We also remain concerned at the CMA's continued implicit assumption that it is better for consumers to be on Fixed Term tariffs rather than Evergreen tariffs, which would result in a significant transfer of future pricing risk onto consumers. Furthermore, we do not believe it is desirable for all consumers to switch suppliers on a regular basis, as this would simply increase administrative costs throughout the industry and lead to higher prices (in aggregate) for everyone than would otherwise be the case.

It is imperative, therefore, that the Database remedy only applies to genuinely Disengaged Customers on genuine "default tariffs", rather than those customers who have actively chosen and/or switched to an Evergreen tariff.

We hope that the CMA will ensure that there is a structured process via Ofgem and/or DECC for prioritisation and consultation on all measures, including the scope of the Database remedy, before they are actually implemented to ensure there are no unintended consequences which will need to be reversed in the short to medium term.