

Your details

Q1: Title (e.g. Mr, Mrs, Ms, Dr, etc)

Mr

Q2: Forename

James

Q3: Surname

Jackson

Q4: Email

[✕]

Q5: What is your role / profession?

Regulation and Compliance Analyst

Q6: Are you representing yourself or an organisation?

An organisation

Publishing your details

Q7: If you are representing yourself rather than an organisation would you be content for us to include your name when we publish your response? *Respondent skipped this question*

Your organisation

Q8: What is the organisation's name?

Renewable Energy Company Ltd (Ecotricity)

Q9: Please could you briefly explain the role of your organisation, including the sectors in which it operates or has most interest?

Ecotricity is an independent renewable energy generator and supplier, with around 180,000 gas and electricity customers. At Ecotricity, we have three principal attractions: the greenest energy with the emphasis on investing in new sources of renewable energy; the best customer service as demonstrated by the lowest level of complaints in the industry; and an ethical pricing policy that means every customer gets our best price, regardless of payment method. It is this focus on ethics and principles of excellent customer service that's key to our growth.

Theme 1: Consumers' perceptions, use and experience of DCTs

Q10: 1. When and why do consumers use DCTs? To what extent do they trust them?

CMA: Digital Comparison Tools Market Study Response Form

In the energy sector, consumers primarily use DCTs to compare tariffs amongst energy suppliers. Our view is that customers see DCTs as customer champion tools, and are largely unaware of the commission payments made to them.

We therefore see the levels of trust being high. In that respect, it is incredibly important for DCTs to be transparent in their offerings in order to avoid misleading customers.

Q11: 2. How do consumers choose which and how many DCTs to use?

No comment.

Q12: 3. What are consumers' expectations of DCTs - for instance in terms of market coverage and the relationships between DCTs and the suppliers they list?

We believe that consumers see DCTs - in particular the Price Comparison Websites (PCWs) used in the energy industry - as an impartial tool; allowing them to access the most suitable deals or tariffs to suit their needs.

We do not think enough is done to make consumers aware that PCWs receive payments and commission from those displayed on the sites. Transparency over which deals are/aren't shown, as well as the levels of commission being paid, is therefore vital.

Q13: 4. What are consumers' experiences of using DCTs? Do they benefit from using them and, if so, how? What works well and what could be improved?

No comment.

Theme 2: Impact of DCTs on competition between suppliers of the services they compare

Q14: 5. What factors influence suppliers' use and choice of DCTs and why?

Influencing factors include:

- Commission rates
 - Volume
 - Channels used (whether contact is only online or also over the phone)
 - Suitability for customer groups (if the DCT is focused on a particular area of the market)
 - Added value (The parameters that the DCT has for customer searching)
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Q15: 6. To what extent do DCTs make it easier for suppliers to enter the market, attract more consumers and engage more effectively with them?

At present, DCTs make it easier for suppliers to enter the market, as they provide a relatively simple and cost effective way to display tariffs. Easing access for market entrants ultimately increases competition between suppliers. This is to the benefit of consumers; as suppliers then seek to differentiate with innovative, customer focused tariffs.

The proposed changes to the PCW confidence code - in particular the removal of the whole of market requirement - will disadvantage small suppliers and new entrants. The most accessible tariffs will be those subject to the highest commission payments, making it easier for the big six energy companies to keep hold of market control.

Q16: 7. How have DCTs affected competition between suppliers? What impact has this had on the price, quality and range of products offered by suppliers?

At present, DCTs are useful for increasing competition between suppliers. However, in the energy market there is a relentless focus on price as the sole metric for consumer comparison. DCTs offer no impact or benefit to the quality and range of products offered by suppliers.

For example, Ecotricity tariffs include potential discounts for customers who drive an electric vehicle. However, PCWs are not set up to accommodate this kind of offering. If suppliers are expected to develop new, innovative tariffs for consumers; then the comparison tools should be compatible with these.

The financial industry in particular would act as a reasonable model for which DCTs should be based. Customers are able to search for deals based on a range of criteria, including the availability of rewards or discounts to products. It is vital that all DCTs allow suppliers to be compared on their full portfolio range, in order to allow customers to gain access to the most appropriate tariffs to suit their needs.

Q17: 8. What are the barriers, if any, to DCTs increasing competition between suppliers, and how can these be overcome?

DCTs in the energy sector are purely based on price. No consideration is given to other factors, such as customer service, which therefore limits the scope for competition between energy suppliers.

Our view is that DCTs should have the capacity to display all tariff parameters. This would act as a stimulus for suppliers to develop new, innovative and beneficial deals for customers; and ultimately aid competition.

Q18: 9. In what ways, if any, have DCTs changed suppliers' approach to consumers - for instance in terms of whether they treat consumers who use DCTs differently to those who do not?

We do not know of any change in supplier approach to consumers as a result of using DCTs.

Theme 3: Competition between DCTs

Q19: 10. In what ways do DCTs compete with each other -for instance in terms of coverage, the savings consumers can make, the services they provide, their ease of use, transparency and how they protect consumers' data?

No comment.

Q20: 11. What factors influence how effectively DCTs can compete - for example, whether they can secure the necessary consumer data, supplier information or other data?

No comment.

Q21: 12. If there are barriers to competition between DCTs, how significant are these and how can they be overcome?

No comment.

Theme 4: The regulatory environment

Q22: 13. Are there any areas of regulation or self-regulation applying to DCTs that lack clarity, certainty, consistency, or enforcement?

We do not consider the proposed changes to DCTs (put forward by the CMA as part of their energy market review) to be sufficiently customer focused.

In particular, allowing comparison websites to pre-select the criteria used by consumers when comparing energy deals cannot be considered fair, clear, or consistent. This proposal will create additional uncertainty for both suppliers and consumers as to the underlying motivation of the comparison site being used.

Q23: 14. Do there appear to be any areas where DCTs may not be meeting competition or consumer protection requirements?

We are not aware of any specific consumer protection requirements not being met. However we would emphasise the importance of transparency to guarantee that consumers are adequately protected and not being misled when comparing energy deals.

Q24: 15. Do any aspects of regulatory approaches to DCTs need to change and, if so, why?

Given the stringent regulation placed on energy suppliers, we don't understand why there is no formal regulatory body for governing the actions of price comparison websites – as opposed to a simple code of practice or accreditation.

Future developments, other comments and further contact

Q25: 16. Finally and in relation to all of the issues above, what likely developments over the next three years should we take into account and why?

As stated, we believe the proposed changes to the rules governing price comparison websites will be to the detriment of customers, rather than deliver a benefit. It is of paramount importance that consumers have the ability to make informed choices on their energy deals without unnecessary interference from comparison sites.

Q26: Do you have any other comments you would like to add?

No comment.

Q27: Would you be willing for us to contact you to discuss your response? Yes
