



27 June 2024

Mark McAllister
Chair
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Cc Jonathan Brearley, CEO

Dear Mark,

We firmly believe that it's fair that loyal customers are able to access the same products from their supplier as new customers. This is backed up by recent polling by YouGov which shows that 93% of customers thought suppliers should not be able to restrict their best deals to new customers only, and 82% of the customers said they would have less trust in their supplier if it only offered its best deals to new customers. As a result we are taking the unusual step of jointly writing to ask that the GEMA Board reconsiders the proposal to remove the Ban on Acquisition only Tariffs (BAT).

The BAT was introduced by Ofgem in April 2022. It has played a vital role in delivering fairer outcomes for customers by ensuring loyal customers are able to get the best deals. It also ensures that millions of customers in debt, who may not be able to switch to a new firm for months or even years, are able to access a better deal with their current supplier. We were particularly concerned to see that the impact on consumers in debt was not considered in Ofgem's recent consultation on the BAT.

Our very recent history shows the flaws in encouraging below cost unsustainable acquisition only deals by some which contributed to over 30 suppliers going bust. Billions of pounds of energy costs left behind by those suppliers still had to be paid despite them crashing out of the market, in many cases taking their customers' money with them. This was ultimately paid for by all consumers through their bills.

Our organisations are very clear that we do not want to see a return to a market which discriminates against loyal customers. Indeed, as we look ahead, customers need to have greater trust in their energy supplier to help them provide the right solutions for upgrading their home with green technologies. That will require deeper and longer term relationships with customers, rather than harking back to a world where success was simply measured by the amount of switching taking place. As set out in the Government's strategy and policy statement for energy, 'sustainable competition in the energy retail market must be the primary driver of good outcomes for the majority of consumers.'

Removing the BAT, as proposed from this October, risks exacerbating the loyalty penalty and unsustainable business practices. The additional supplier financial resilience measures put in place

since the energy crisis are as yet unproven, and will not be fully in place at the time that Ofgem proposes to remove the BAT. The proposal argues the BAT is having a negative impact on the market, but lacks evidence given it is less than two months since the Market Stabilisation Charge, which also impacted the price of new products, has been removed. We would also highlight that there are other ways that customers may be able to save from tariffs on the market, but crucially these savings today are available to all customers rather than just a select few.

We therefore strongly urge Ofgem to reconsider this proposal and put on hold any final decision on the future of BAT until the review of the long-term role and design of price protection has concluded. This will also allow any direction from the next Government to be taken into consideration.

Yours sincerely,



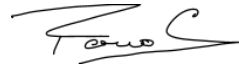
Gillian Cooper
Director of Energy, Citizens Advice



Simon Francis
Coordinator, End Fuel Poverty Coalition



Martin Coppack
Director, Fair by Design



Rocio Concha
Director of Policy & Advocacy, Which?



Chris Norbury
CEO, E.ON UK



Greg Jackson
CEO, Octopus Energy



Dan Bates
CEO, Rebel Energy



Simon Oscroft
CEO, So Energy