

Domestic energy suppliers,  
consumer groups and other  
interested parties

Date: 27 October 2015

## **Inclusion of collective switch tariffs in the Cheapest Tariff Message**

In 2014, we introduced a number of information remedies to make the market easier to navigate for consumers. One of these remedies, the Cheapest Tariff Message (CTM), requires suppliers to provide their customers with information about the cheapest tariffs available and how much they could save by switching to them.<sup>1</sup> This information tool acts as a prompt to engage and enables consumers to make informed choices. It features on key supplier communications including bills, annual statements, end of fixed term notices and price increase notices. This letter clarifies when suppliers should include collective switch tariffs in the CTM.

### Development of collective switch schemes

When carried out in a responsible and trustworthy manner, we value collective switches as an innovative way of engaging consumers and facilitating the switching process. Collective switches provide consumers, including vulnerable consumers, with another means of accessing better energy deals, which in turn enables them to save money. Accordingly, we provide them flexibility in the regulatory framework, for example through an exception to the tariff cap.

We have noticed changes in the way collective switch tariffs have been offered recently. Traditionally, the scheme organiser would require customers to register in advance of the switch. Once a deal was secured with a supplier, only registered customers had the option of switching to the new tariff. Some recent collective switch schemes have allowed customers to register after the deal has been secured. This emerging approach means that tariffs are left open for longer and allows consumers to register and switch at the same time.

### Requirement to include available collective switching tariffs in the CTM

The CTM acts as a one-stop-shop for consumers to find a better deal with their current supplier. In line with this policy intent, we think that consumers would expect the information provided to be comprehensive and include all the tariffs on offer from their current supplier or White Label partner.

Moreover, the licence specifically requires suppliers to include all tariffs, including collective switch tariffs, in the CTM if they are available to customers.<sup>2</sup> Accordingly, **if a collective switch tariff remains open to customers after the winning supplier has been chosen, then such a tariff must be included in the CTM on all communications for the duration that the tariff in question is available.** In doing

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<sup>1</sup> See definitions of "Alternative Cheapest Tariff" and "Relevant Cheapest Tariff" in SLC 1.

<sup>2</sup> In terms of tariff availability, CTM calculations must include all tariffs for which the customer is eligible. See paragraphs 31E.5A and 31E.5B of SLC 31E.

so, customers using the CTM will be provided with more accurate information about the potential savings they could be making by switching to the cheapest deal with their current supplier.

We will review supplier practices in this area to ensure that they are compliant with requirements to display available collective switch tariffs via the CTM. We will also monitor how suppliers and scheme organisers react to the clarification of our requirements. More broadly, we will keep the CTM and other information tools under review in the context of any changes that the CMA may enact as a result of their energy market investigation.

If you would like to discuss any of the issues raised in this letter, please contact Mhairi Holland at [Mhairi.Holland@ofgem.gov.uk](mailto:Mhairi.Holland@ofgem.gov.uk) or on 0207-901-7000.

Yours faithfully,

A handwritten signature in black ink that reads "NBarnes." The signature is written in a cursive, slightly slanted style.

**Neil Barnes**  
**Associate Partner, Retail Markets**