

Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

11th June 2023

Dear Dan

Thank you for the chance to comment on the Statutory Consultation on the Future of the Ban on Acquisition-only Tariffs ("**BAT**").

We have already raised concerns regarding the lifting of the BAT from October 2024. These concerns include:

- The consultation launched immediately before the relevant hedging window;
- Proceeding to a statutory consultation, together with a short timeline, does not give stakeholders sufficient opportunity to consider and comment;
- The potential for volatility to impact wholesale purchasing and retail pricing ahead of winter with the potential for calls to reinstate BAT or similar measures to stabilise the market; and
- The ongoing work Ofgem is engaged in around future price protection, and the link with BAT, tending to support retention of this protection rather than its early removal.

We want to make the following additional points in favour of retaining the BAT into 2025:

- We are seeing fixed tariff offers returning to the market. Switching has begun to rise again and customer "openness to switching to save money is also at its highest levels since tracking began"¹;
- Engagement by a customer may not always result in a customer switching externally. This may be due to supplier retention activities, or other factors, including non-price considerations;
- Ofgem states that "*during this time [with the BAT] when the price cap has largely dictated prices for consumers ... leaving non-price issues like service quality as the main differentiator*". The framing for BAT removal however, focusing as it does on short-term price competition risks obscuring the important roles customer loyalty and non-price competition play in a competitive retail energy market.

Ofgem is rightly considering price protection *and* service standards, among other key aspects of retail market regulation. We urge Ofgem, considering these measures and BAT in the round, to retain this measure to end March 2025. We believe that this will contribute materially to suppliers and their customers being able to benefit from the stability provided through what could be another uncertain winter period.

Kind regards

Ed Rees
Senior Policy Manager, Energy UK

¹ Ofgem report, 'Consumer Impacts of Market Conditions Survey', November 2023, p. 52.