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By email: [retailpolicyinterventions@ofgem.gov.uk](mailto:retailpolicyinterventions@ofgem.gov.uk)

## **RE: Future of the Ban on Acquisition-only Tariffs (BAT) Beyond March 2025**

Retail Policy Interventions Team,

Please accept this as my input to the open consultation on the future of the BAT policy and its associated market-wide derogation.

It is my opinion that an extension of the BAT is likely to be disastrous for consumers. You are acknowledging that the BAT limits competition significantly, yet you are somehow justifying this as a good thing? Extending this ban on acquisition only tariffs will result in worse prices for the entire market, and allowing the derogation to continue effectively means you're closing the retail energy supply market down entirely from competition, allowing these large organisations to run an oligopolistic market.

There are several things in your consultation document that cause serious concern as they are naïve at best and purely wrong at worst. These include:

- Paragraph 2.16 – You're effectively saying that vulnerable/indebted customers would face higher prices if suppliers started offering cheaper acquisition-only tariffs to the wider market... Erm, is this not why you have a price cap?! The price cap should not be dependent on how cheap suppliers set their fixed rate tariffs, as Ofgem has no control over those commercial decisions – so **whether or not a supplier offers cheap fixed rates, the price cap is the same and the vulnerable and indebted are no worse off.**
- Paragraph 2.16 again - Also on this point, if you're worried that indebted customers aren't going to be allowed to move to cheaper deals, surely it makes sense for you to ban suppliers from stopping indebted customers from moving to a cheaper deal? **It makes no logical sense that you, as the supposed protector of consumers, allow suppliers to keep customers on expensive tariffs when they are already in debt!** These customers should be allowed to



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move to the cheaper deals to help them manage their finances and clear the debt quicker!

- Paragraph 2.17 – Why is customer trust all of a sudden so important to you? Where was this thought process when you increased the profit allowance for suppliers? Or in any of the other 20-30 decisions you’ve made to increase the price cap over the last 4 years? You want customers to start trusting the energy market again, maybe open it back up to competition and let us start seeing a reduction in our energy bills.
- Paragraph 2.20 - The BAT came into place during a time of emergency, the energy crisis. Prior to that, we had 30 years without a BAT and we all enjoyed cheap energy bills. I think continuing to ban the main source of cheaper energy bills, acquisition-only tariffs, is likely to keep bills higher for longer. This seems like common sense to me, I cannot understand why this is another consultation I’m reading where your minded-to position is to give suppliers exactly what they want, higher bills for longer, more profits.
- Paragraph 2.30 – let me rewrite this paragraph for you to explain what you really mean: “A small group of people would not be able to access new cheap tariffs. Rather than adjusting regulations to ensure they can receive the benefit, or even just accepting that these customers aren’t actually going to be worse off if new cheap tariffs are made available they just won’t be able to enjoy the benefits of the new tariffs, instead we’re going to stop everyone in the country from being able to get cheaper tariffs, in the name of a perception of fairness that we can kind of justify if you don’t look too hard at it.”
- Paragraph 2.34 – You haven’t described what sort of evidence you’d need to see? Suppliers obviously aren’t going to provide evidence opposing this because it is in their interest to keep bills higher. Consumer groups are primarily vying for the vulnerable that need support, but you’re mis-understanding their intentions. They want you to ensure that the vulnerable are protected, but not necessarily at the expense of the majority of the population. You should be looking to put further protections in place for the vulnerable whilst ensuring that prices come down for everyone. The best way to do this would be to ban suppliers from stopping consumers from moving to cheaper deals with other suppliers, even if they are in debt! They don’t need to wipe the debt (although this should be discussed further considering the 3 extra allowances we are all paying for debt and bad debt at the moment), they just need to allow the customer to move to cheaper deals. Then you can get rid of the BAT, allowing real competition to drive prices back down, as it does.

Section 3 of your document appears to be more naïve than anything else. There is a lot of hope that suppliers would use the savings from marketing to lower prices for their existing customers, rather than accepting it as additional profits for shareholders. You’ve been wrong in the past when expecting suppliers to do the right thing for

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consumers, case-in-point when you expected suppliers to use additional revenue to improve customer service standards, which never happened. Instead, those same suppliers posted record profit levels, paid their shareholders excess dividends, gave their executives £8m packages and allowed customer service standards to fall to all-time lows with almost 50% of customer calls to suppliers going unanswered!

In my opinion, the way that Ofgem can be most effective as a regulator of the energy market is to assume that supplier's will not do the right thing for customers, instead you should assume that they will take every penny of cost saving or additional revenue they can and funnel that into profits. And if I'm being really honest, I'm not even mad at them for doing that! It's quite literally their legal obligation, directors have a legal obligation to do what is right for their shareholders and the company, that's their job! It is your job to put rules in place that ensure they also sometimes do the right thing for customers even if that isn't quite as profitable.

I'm frustrated that we're seeing more decisions that will keep costs higher for longer. I'm frustrated that Ofgem directors have been saying for the last 3 years "we're unlikely to see prices fall to pre-crisis levels in the next few years" as if you have no control over it, when really, you're the ones stopping prices from falling by continuously making energy suppliers more profitable at every turn.

I apologise for my frustration here, I know it falls on deaf ears all the same, but I'd be remiss if I didn't at least say the truth. If you're seriously concerned about trust in the energy supply market, you should start doing things to benefit consumers and show that they can trust you. Nothing I've said in this document is fabricated, you've put too much faith in suppliers, you've given them allowance increases on top of allowance increases, you've increased supplier profits, you've cut off supplier competition, you've allowed power-stations to hold us to ransom, you've allowed unscrupulous shareholders to force SoLR costs on to us while they walk away with £millions, you've made the retail energy supply market hugely profitable for companies and hugely costly for consumers, and all of this is why there is not consumer trust in the market.

Keeping the BAT in place, which will ultimately cost most customers more money on their energy bills, is just going to exacerbate the lack of trust in the energy market and in Ofgem. You said it was only going to be kept in place for a year or two while the market stabilised, but here we are, talking about it's fourth year of being in place. Four years without competition on prices.

My recommendation is the removal of the BAT and its derogation from March 2025, let market forces take over again and actually bring our bills down. Considering people were happy with their bills in 2019/2020, maybe try to recreate those conditions? Lots of

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suppliers, a healthy and vibrant switching market, the big 6 only had 58% market share of customers rather than the 95+% that they have now. Try to get back to that.

Again, I apologise for the frustration and effectively the ranting that has gone into this response. If you'd like to discuss any of my points further, please feel free to contact me at [Richard@TheRegulatorGuy.co.uk](mailto:Richard@TheRegulatorGuy.co.uk).

Kind regards,

**Richard Winstone**

**The Regulator Guy**

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