UNIVERSITY OF CAMBRIDGE | Energy Policy Research Group

Savings available in the retail energy market and the Overall Customer Service score

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12 February 2019

1. Introduction and Summary

On 1 January 2019, further to Government legislation, Ofgem brought into effect a cap on default and standard variable tariffs (SVTs). What has been the impact on tariffs offered in the market? What kinds of savings are now available and on what kinds of tariff? More specifically, how do the savings available relate to the quality of customer service provided by suppliers? Are comparable savings available to customers eligible for the Warm Home Discount and for customers unable or unwilling to manage their accounts online? And what are the possible implications of the findings for regulatory policy?

This paper assesses the situation as of the first week in February 2019, just before Ofgem announced that the tariff cap would rise in April. The main findings and proposals are as follows:

- The six Large suppliers and five of the six Mid-tier suppliers were setting their Standard Variable Tariffs within £6 of the cap. In total 19 suppliers were offering 26 tariffs with annual savings under £7.
- The highest savings available appeared to be from 14 different suppliers offering savings ranging from about £130 to over £250 on 20 different tariffs. But on closer examination most of these offers had limitations of some kind, with respect to availability, technology, call centre provision, customer service, risk, reputation, experience and so on.
- This suggests the need for a more nuanced appraisal, taking more explicit account of the customer service records and reputations of suppliers. The paper proposes an Overall Customer Service score for each supplier, based on an average of the ratings awarded by Citizens Advice, Which? and customers themselves via Trustpilot.
- A total of 26 suppliers have sufficient experience to be ranked in this way. Their Overall Customer Service scores lie in the range 4.4 down to 2.0 out of 5. These suppliers may be grouped into four divisions: Excellent, Good, Mediocre and Poor.
- Five suppliers in the Excellent and Good categories offered variable tariffs with savings in the range £43 to £116. Five suppliers in the same two categories offered fixed tariffs with savings in the range £120 to £161, and a further five suppliers offered fixed tariffs with savings in the range £39 to £90. Naturally these are lower savings than if no regard is had to customer service, but the savings available from known suppliers with a good customer service reputation are still significant.

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- If regulatory policy is to invite customers to switch to named alternative suppliers, it would seem responsible to inform these customers about the customer service reputations of the alternative suppliers, as well as the prices they offer.
- 13 ranked suppliers participate in the Warm Home Discount (WHD) scheme, two more suppliers provide it only for core WHD customers, and 11 do not provide it. Some of the highest savings are offered by suppliers that are not in the scheme. For example, offers from non-participants included three variable tariffs saving in the range £63 to £78 and eight fixed tariffs saving between £90 and £139. If implementation of the WHD scheme is not attractive to smaller suppliers, some positive incentive to adopt the scheme might be considered, or alternatively the threshold of its compulsory adoption might be lowered.
- All the above tariffs involve online account management. It is not straightforward to assess what paper-based tariffs are available, but savings on paper tariffs were much less than for online tariffs. Four suppliers offered savings in the range £42 to £80, five suppliers in the range £10 to £16, and eight suppliers £6 or under. Almost all the suppliers offering the higher savings were owned by local councils or were established with an explicit social purpose. Present restrictions on relative charges by payment method may be having the unintended consequence of making it unattractive to compete for offline customers. To provide more competitive options for such customers, some reconsideration of these restrictions might be explored.

If the competitive market is to benefit as many customers as possible, then customers themselves, industry participants, customer bodies and regulatory authorities need to pay more attention to supplier reputation, including for price and quality of service. Just focusing on present prices and trying to increase switching is not enough.

2. Are suppliers aiming their tariffs at the tariff cap?

In its 2016 *Final Report* on its Energy Market Investigation, the CMA had expressed concern that a wide-ranging tariff cap, although protecting customers in the short term, would reduce competition over the longer term. Last month mid-tier supplier Bulb noted that the average Big Six standard variable tariff was only £4 below the tariff price cap and commented that "the Big Six suppliers appear to have taken the price cap as a target rather than a limit".[1] Big Six supplier SSE responded that "27 energy suppliers of all shapes and sizes have also set their prices within the same narrow range".[2] Energy UK commented that "We have previously warned of the unintended consequences of price caps including the risk that prices can often converge around the level set."[3]

As an initial simple check on tariff levels, Table 1 shows the average Standard Variable Tariffs for the Big Six suppliers and six Mid-tier suppliers, as they stood in Q4 2018 (per Ofgem's retail

[1] Katey Pigden, *Utility Week*, 9 January 2019.
[2] *Business Telegraph* 14 January 2019.
[3] *Utility Week* op cit.

market indicators) and on 6 February 2019. The latter date was one month after the cap was introduced and just before Ofgem announced a significant rise in the cap as from 1 April 2019. These tariffs are for an average dual-fuel direct-debit customer with consumption of 3100 kWh of electricity and 12,000 kWh of gas per year, per Ofgem's standard assumptions. The 2019 tariffs are based on a customer in Midlands electricity region, where the cap at average consumption levels is £1135.14.

Table 1 SVTs of Large and Mid-Tier Suppliers before and after SVT tariff cap

Supplier	4th Quarter 2018	06 February 2019
Scottish Power	1253	1135
nPower	1230	1135
EDF Energy	1227	1135
Green Star Energy	1219	1134
Co-op Energy	1218	1134
E.On	1208	1135
British Gas	1205	1135
First Utility	1199	1135
Utility Warehouse	1197	1129
SSE	1196	1134
Ovo Energy	1190	1134
Bulb	981	1019
Range	272	116
Range excluding Bulb	63	6

After the tariff cap, the range of SVT levels, from highest to lowest, reduced by more than half, from £272 to £116. Excluding Bulb, the range fell by nine tenths, from £63 to £6. In fact, with the exception of Bulb and Utility Warehouse, the remaining ten Large and Mid-tier suppliers were all pricing their SVTs at or £1 under the cap.

What about other smaller suppliers and other types of tariff? Table 2 lists all the tariffs offered at under £10 annual savings relative to the price cap, as of 6 February 2019. These are the tariffs and savings shown on two Price Comparison Websites (PCWs), namely uSwitch (believed to be the largest Ofgem-accredited PCW) and energyhelpline (used by Ofgem). It should be emphasised that many of the tariffs shown on all PCWs are constantly changing, and will differ in detail from day to day.

Table 2 shows that 27 tariffs were listed, from 20 suppliers, offering annual savings of under £10 relative to the variable tariff cap. Actually, all but one offered savings under £7. (It is possible, of course, that yet other suppliers or tariffs were in fact available but not listed on those sites.) All

but four of these tariffs are Variable rather than Fixed. Four of them offer 100% Green energy. Another four offer various Extras or Rewards.

The 20 suppliers in Table 2 comprise the following:

- five of the Big Six suppliers (the sixth, British Gas, has priced its SVT at the cap level too but is not offering that tariff to new customers);
- seven of the ten Mid-tier suppliers (as characterised by Ofgem, those not in Table 2 being Bulb, Octopus Energy and AVRO);
- and eight smaller suppliers out of over 40 other small suppliers involved in the market.

Table 2 The lowest savings available on 6 February 2019

Supplier	Tariff	Type	Annual Saving £	Other
Green Network Energy	GNE Standard V1	V	9.00	
E.On	Fix Online v8	F	6.61	
Spark	MoveIn Saver v8	V	6.45	
Utility Warehouse	Value	V	6.03	
SSE	SSE 1 Yr Fixed v15	F	3.92	Reward
Utilita	Smart Energy	V	3.82	
SSE	SSE 1 Yr Fixand Protect	F	2.37	Extras
Co-op Energy	Coop Safe & Secure DD	V	1.61	Green
Co-op Energy	Green Pioneer DD	V	1.61	Green
Flow	Flow Variable	V	1.61	
Green Star Energy	Standard	V	1.24	
Ovo Energy	Simpler Energy	V	1.24	Extras
Solarplicity	Solarplicity's Standard Variable	V	1.24	Green
SSE	Standard	V	1.24	Reward
Zebra Power	Zebra Born Free Variable 201901	V	1.24	
Flow	Flow Fixed Feb 2020	F	1.15	
Together Energy	Freedom variable	V	0.79	
EDF Energy	Standard Variable	V	0.10	
E.On	E.On Energy Plan	V	0.10	
iSupply	iVariable	V	0.06	Green
First Utility	Variable	V	0.03	
Scottish Power	Standard	V	0.03	
Scottish Power	Standard Online	V	0.03	
nPower	Standard SC	V	0.00	
TOTO	TOTO Plain & Simple	V	0.00	
TOTO	TOTO Smart Plain & Simple	V	0.00	
Simplicity	Variable rate plan	V	0.00	

To put these 27 low tariffs in context, uSwitch listed over 80 tariffs offering savings of over £10, and over 40 tariffs involving spending up to £243 more than the tariff cap. (energyhelpline's listing included a few tariffs not on uSwitch, and vice versa.)

To summarise, before the advent of the tariff cap, the Big Six suppliers and five of the mid-tier suppliers were setting SVTs with a range of over £60 from lowest to highest; after the tariff cap that range fell to £6. In terms of simple numbers, maybe one third of the suppliers and nearly twenty percent of the tariffs are in the range zero to £10 off the tariff cap. These suppliers and their tariffs account for all but a few percentage points of the total number of domestic customers supplied in the market. So the reduction in range of tariff offers does seem significant, relative to previous market conditions and relative to the market as a whole.

3. The highest savings available in the market

The tariffs just discussed are those offering little or no savings compared to the tariff cap. But Bulb pointed out that its price was £120 below the tariff cap. Others have suggested that savings around £150 are available.

Table 3 shows life at the top end of the savings table: the highest annual savings available – or apparently available - in the market during the first week of February 2019, as listed on the same two PCWs. Most offers, but not all, were available on both sites throughout the week.

Table 3 The highest tariff savings apparently available in first week February 2019

Supplier	Tariff	Type	Saving (£)
Outfox the Market	Zapp! Sept	V	256.00
Powershop	Top Shopper Jan 2019 Issue 1	V	228.00
Northumbria Energy	NE 2.2 paperless	V	205.00
Northumbria Energy	NE 2.2 paper billing	V	203.00
People's Energy	Peoples Year Fixed	F	174.82
Orbit Energy	10%OFF4LIFE	V	167.30
AVRO Energy	Simple and WinterFix	F	160.63
People's Energy	Q1 2019	V	154.92
Lumo	App Only Fixed v17	F	151.63
Pure Planet	100% Green	V	151.38
Northumbria Energy	NE Smart 2.3 paperless	V	147.00
Northumbria Energy	NE Smart 2.3 paperbilling	V	143.00
TOTO	Online Feb	F	143.00
AVRO Energy	Simple and eSave	F	142.00
Octopus Energy	12m fixed uSwitch Excl	F	139.01
Green Network Energy	GNE 18 month Winter Warmer	F	137.78
Tonik Energy	Go Green 19 m	F	135.86
Yorkshire Energy	Green Otter Fixed til 29 Feb 2020	F	135.14
Gulf Gas & Power	Gulf Home Exclusive 12 Feb 20 v1	F	131.06
Outfox the Market	Blast!	V	129.23

It seems as though 14 different suppliers were offering savings ranging from about £130 per year to over £250 per year on 20 different tariffs. Or was this too good to be true? We examine the suppliers and tariffs in turn.

i) Outfox the Market

The greatest saving, of £256 a year, seems to be from Outfox the Market's Zapp! tariff (shown on energyhelpline but not on uSwitch). This seems likely to be what a *Guardian* reporter identified as "the best tariff currently available in the market", offering an annual saving (on his property) of £1132 – 905 = £227.[4] On that basis, he found that three "flipping services" (Weflip, Flipper and Look After My Bills) failed to identify this best offer, and instead suggested tariffs saving only £171 or £158.

In fact, the Zapp! tariff seems no longer to have been available on the supplier's site at the time of the *Guardian* article. The supplier's best available tariff was Blast! at the much lower saving of £129.33, about half the Zapp! level and appearing at the bottom of Table 3.

Of course, a saving of £129 is not negligible. But as it happens the *Guardian* reporter "decided against" the supplier Outfox the Market "because of its poor customer record". (It has the lowest possible service rating – one star out of five – on energyhelpline.)

ii) Powershop

The next highest saving – again listed on energyhelpline but not on uSwitch - was £228 from Powershop, a new entrant which is associated with Meridian Energy in New Zealand and also with with nPower. This tariff requires customers to "monitor their usage online or via a mobile app, and purchase their energy in packs". The tariff is described on energyhelpline as variable, but a price is apparently fixed for a year, with special offers from time to time at a discount to the fixed price. One powerpack may cover one day's worth of energy, another might cover four days. This is an online tariff, and the customer is required to report meter readings monthly.

Powershop says "We appreciate all this is new, and to start with you may forget, or be a little nervous about buying Powerpacks." So it gives a "First Year Promise to keep you covered while you get the hang of things." It also offers a Powershop Lite option to purchase energy "the way I know how". This option saves £69 against the tariff cap, but is not available to existing customers of nPower (the incumbent supplier in the Midlands region).

Unfortunately Powershop's website was the most difficult one I had to deal with. Even after I managed to get access I was unable to stop it estimating a bill based on Economy 7 pricing. I could not ascertain precisely how the claimed savings would be achieved. This seems to be a very innovative product and tariff, and for some customers it may enable a £228 annual saving. But I was not able to figure it out.

[4] Miles Brignall, "Energy bills: will these sites save you a flipping fortune?" *The Guardian*, 2 February 2019.

iii) Northumbria Energy

The *Guardian* reporter mentioned above decided that "the best all-round value was Northumbria Energy at £922 a year", representing a saving of £210 on the reporter's property. On 1 February this supplier was indeed listed on energyhelpline – though again not on uSwitch - with one tariff offering a saving of just over £200, and another tariff saving around £145.

Northumbria Energy is a somewhat distinctive supplier. Its website says that "Northumbria Energy is bringing together individuals and organisations that thave the skills and commitment to deliver an efficient and sustainable electrification strategy through the creation [of] off-grid networks – otherwise known as smart mini-grids – that will enhance Africa's economic prospects." This is a commendable ambition, but not one that will necessarily reassure a UK customer.

Then on 3 February the *Sunday Times* ran a half-page piece noting that the founder of the company was running it from his own home and had previously been a director of the supplier Future Energy, which had ceased trading a year earlier.[5] Ofgem was reported to be "working with Northumbria Energy" to ensure compliance with regulatory rules. The same day, the tariffs of this supplier were withdrawn from energyhelpline. And on that day the supplier's own site offered a saving of only £78, on the second tariff (Northumbria Energy Smart 2.3). Perhaps a saving of over £200 was once available, but not by the end of the first week of February.

iv) People's Energy

People's Energy offered a saving of £175. It is a new supplier, which raised over £0.5m through crowdfunding. It has an appealing policy, including 100% renewable energy, wants its customer service to be one of the best in the industry, and "we share 75% of our profits directly with you". It says the average wait time calling its office is 45 seconds. It has a customer representative on its Advisory Board. And it even posts online the minutes of its Advisory Board meetings (from December 2017 to October 2018). What's not to like? I wanted to like it.

By August 2018, after one year of operation, People's Energy had over 13,000 customers and by end October 2018 it was expecting to reach 20,000 dual fuel customers in the coming weeks. As of 3 February 2019 reviewers on Trustpilot gave it an average score of 6.2 out of 10 from 135 reviews. 56% said it was Excellent, 24 % said it was Bad.

However, the supplier seems to have had problems coping with rapid growth. In the 50 Trustpilot responses covering essentially January 2019, the proportion of Excellent ratings halved to 28% and the proportion of Bad ratings doubled to 48%. This is a shame, and I hope the company will sort this out. But as of today, the People's Energy product looks less attractive.

[5] Ali Hussain, "Boss of £1.7m energy flop launches new firm … from his family home", *Sunday Times*, February 3 2019, p 13.

v) Orbit Energy, Pure Planet, Yorkshire Energy and Gulf Gas & Power

These four suppliers offered savings of £167, £151, £135 and £131 respectively. All four are very new suppliers, launched between late 2017 and mid-2018. Three have substantial oil-company backing: Orbit by Shell, Pure Planet by BP, and Gulf is a well-known petrol company. Yorkshire Energy is entirely new. So far, all four are well-regarded on Trustpilot. But all four are too new to be rated by Citizens Advice and Which? As yet, they are unknown quantities.

vi) AVRO Energy

AVRO Energy is a relatively new supplier (it entered the market in 2015) and had Fixed products offering savings of £161 and £142. It presently has good customer service ratings – indeed Trustpilot gives it 9.1 out of 10, and they don't come much higher than that.

However, this was not always the case. Little over nine months ago AVRO Energy was third from bottom in the Citizens Advice rating table. It had a rating of only 1.4 out of 5, sandwiched between Iresa and Economy Energy below it, and Spark Energy and Extra Energy just above it. These other four suppliers all went out of business during the following months. Has AVRO succeeded where the other four have failed?

vii) Lumo

Next is new supplier Lumo, which entered the market in summer 2018. It has one tariff, offering a saving of £162. But this is no ordinary tariff: interaction with the supplier is via an app – in fact, there is no call centre. Applicants must not have an existing smart meter. And applicants must own their own home. An intriguing and attractive offer for some customers, but perhaps not for most.

viii) TOTO

This supplier offered a saving of £143. However, it does not currently have a high customer service reputation, and indeed seems comparable to Outfox The Market: it has a slightly higher rating on Trustpilot, but a slightly lower rating on Citizens Advice. Hopefully it will improve, but at present its customer service reputation is a potential concern.

ix) Octopus Energy, Green Network Energy and Tonik Energy

These three suppliers offered savings of £139, £138 and £136, respectively. They are all relatively new suppliers, but a little more established than the previously-mentioned new suppliers. They require online account management with paperless billing: one says "we send communication including bills and statements by email". Again attractive for the computer-comfortable, but not for all customers. However, they have good records on both Citizens Advice and Which? evaluations, particularly Octopus Energy and Tonik Energy.

What is one to conclude from this brief survey? Yes, there were tariffs available in early February 2019 that offered substantial savings relative to the Standard Variable Tariff cap. At first sight, no fewer than fourteen suppliers seemed to be offering annual savings ranging from

£129 to £256. However, on closer examination most offers had limitations of some kind. Their tariffs were variously no longer available (if they once were) or not available at that level, or they required a novel and active approach to purchasing energy, or dealing online only with no call centre, or the suppliers have "history", or their customer service has been erratic over time, or they are simply so new that Citizens Advice and Which? have not yet been able to advise on their quality of service. Only two or three of the suppliers seem to have established a particularly good reputation for customer service over time. Nearly half of the suppliers (AVRO, GNE, Gulf, Lumo, Octopus, Outfoxthemarket, TOTO) billed a month in advance (thereby assisting their funding of energy purchases but potentially putting their customers' money at risk). One supplier (Peoples' Energy) billed two months ahead, and another supplier (TOTO) envisaged the possibility of a tariff that billed one year ahead. None of the suppliers in Table 3 offered the Warm Home Discount.

Similar limitations were found recently with the best offers apparently available under the PPM tariff cap.[6] It is thus not sufficient to argue that there are substantial savings available relative to the tariff cap or relative to a customer's existing tariff. A more nuanced appraisal is required, that takes account of the nature and quality of the various offers - and of the various suppliers - as well as their level of price or saving. This suggests more focus on the suppliers' demonstrated quality of customer service.

4. Evaluating suppliers on the basis of their Overall Customer Service performance

How should one define and grade suppliers with respect to their customer service? Some PCWs have begun to develop their own ratings, which is encouraging. Competition between PCWs will help to identify the concerns most relevant to their customers, and will facilitate innovation in such measures. However, might PCWs tend to favour suppliers that pay them commission or with whom they have exclusive deals? Those auto-switching ("flipping") sites that take commission from customers rather than suppliers are not vulnerable to that argument. But are they more interested in repeated switching than in finding a customer a more satisfactory supplier for life?

There seems advantage in a measure that is independent of immediate commercial considerations. And a measure that is of relevance both to customers that might want to switch supplier 'once-and-for-all' and to customers that might envisage switching repeatedly.

I therefore suggest the creation of an Overall Customer Service index on the following basis. To be considered for inclusion, a supplier should be sufficiently established and well enough known to have been evaluated by three separate organisations: by the two established and independent UK customer organizations Citizens Advice and Which? and by the independent consumer review website Trustpilot. Consider what each organisation brings to the table.

[6] Stephen Littlechild, "Is there competition below the PPM tariff cap? What are the implications for policy?", Energy Policy Research Group, University of Cambridge, 16 October 2018.

Citizens Advice compares suppliers every 3 months across five different categories: number of complaints, ease of contacting, clarity and timeliness of bills, ease of switching and customer guarantees. These ratings are based on relatively objective data.[7] In the latest ratings for July to September 2018 Citizens Advice had sufficient data to rate 34 suppliers.

Which? compares suppliers annually, in this case giving star ratings across the following seven categories: bill accuracy, bill clarity, customer service separately by phone and online, dealing with complaints, helping understand and reduce energy use, and value for money. There is also a customer score, not directly related to the star ratings, which combines customers' overall satisfaction with their likelihood to recommend that supplier. These ratings and scores are based on Which?'s own most recent survey, in September 2018, of 7,429 GB energy customers asked to rate their own energy suppliers. So they are subjective ratings, but gathered in a systematic manner on a (presumably) random set of customers. The sample interview sizes for each supplier varied from 40 for one of the smallest suppliers (Engie) to 1002 for the largest supplier (BG). Which? had sufficient data to rate 30 suppliers.

Trustpilot is quite different: it makes no attempt to obtain or present objective data, nor to question customers systematically about various categories of customer service. Rather, it reflects the views of those customers that feel the urge to review a company. These customers give their subjective views about whatever impresses or concerns them, which might include price as well as various aspects of customer service, and rate the company accordingly. Trustpilot then averages the ratings to give a single TrustScore for each supplier.

For present purposes, there are some limitations to these Trustpilot evaluations. For example, in some cases customers seem to be evaluating (e.g.) performance with respect to boiler servicing rather than energy supply. But since these suppliers have chosen to combine such services with energy supply that is probably not unfair.

Another potential problem is that some suppliers seem to appear twice. But this applied to only three companies in the present sample, and it can be dealt with. [8] A third possible problem is associated with potential ability to influence such ratings. But there are ways of detecting this.

Against these limitations are several merits of the Trustpilot approach. One is the ability to read precisely what each customer says rather than rely on statistics summarised by another organisation. Another merit is the wide coverage. There are evaluations of over 50 energy suppliers.

A third advantage is the large number of customers and reviews involved. Over 160,000 customer evaluations are reported, some 20 times the number of Which? interviews. The

[7] Complaints data are based on complaints made to Citizens Advice, Extra Help Unit and Energy Ombudsman; data about billing, customer service and switching are obtained from suppliers; data about customer guarantees are from publicly available sources.

[8] For example, Scottish Power has a rating of 0.5/10 based on 492 reviews of scottishpower.co.uk and 0.3/10 based on 2603 reviews of scottishpower.com. There is a similar issue with SSE and First Utility. I have taken the weighted average scores here, which explains the second decimal points for two of those suppliers.

TrustScore numbers of reviews for a supplier range from zero (for a few of the very newest suppliers) and 1 (RAM Energy) to 4,596 for British Gas and over 34,000 for one of the mid-tier suppliers (First Utility).

A fourth advantage is that the TrustScores are up-to-date: they evolve in real time. Indeed, the scores for a couple of suppliers changed in the few days of writing the present paper.

With many thousand reviews over time, is it possible that a company's average TrustScore rating today is dominated by outdated ratings of its performance many years ago? For example, British Gas currently has 4616 reviews, the earliest being a couple from 2010. However, Trustpilot adjusts for this: it says "the older a review is, the less it counts towards the overall TrustScore … newer reviews always count for more than older ones".[9]

No one of these organisations or approaches can represent the whole of the relevant information about a supplier. But between them, the ratings of these three organisations provide a balance of objectivity and subjectivity, a balance of what customer groups think is or should be important and what customers themselves think is important, and a balance of valuations updated annually, quarterly and minute by minute.

Accordingly, the Overall Customer Service score proposed here is to take the simple average of those three sets of ratings. (It is necessary first to convert all three to a value out of 5, since the Citizens Advice score is out of 5, the Which? score is out of 100 and the TrustScore is out of 10.)

Table 4 shows the three sets of ratings from the three organizations chosen. (It also shows the number of interviews or responses in the case of the Which? and Trustpilot scores.) A total of 26 suppliers had ratings from all three sources and were therefore able to be ranked on Overall Customer Service. Their scores lie within the range 2.1 to 4.4 out of 5. As it happens, the scores fall naturally into four Divisions determined by natural gaps in the scores.

- At the top, in Division One, are seven suppliers (Octopus Energy, So Energy, Bulb, Ovo, Tonik Energy, Utility Warehouse and Bristol Energy) with scores ranging from 4.4 to 3.8. We can call this Excellent performance.
- Next, in Division Two, are a further seven suppliers (Green Network Energy, AVRO Energy, First Utility, Engie, Ecotricity, Flow and Robin Hood Energy) with scores ranging from 3.6 to 3.4. Call this Good performance.
- Then, in Division Three, are eight suppliers (EdF, Utilita, Co-op Energy, Together, Green Star Energy, iSupply, SSE, British Gas) with scores ranging from 3.0 to 2.7. Call this Mediocre performance.
- Finally, in Division Four are four suppliers (Scottish Power, E.On Energy, nPower and Solarplicity) with scores of 2.2 or 2.1. This has to be categorised as Poor performance.

[9] Trustpilot also makes an adjustment for newer companies. "In all TrustScore calculations, we automatically include the value of 7 reviews which are worth a TrustScore of 7.0 each. This is known as a Bayesian average. We do this to ensure that companies with very few reviews don't end up with an extremely high or extremely low TrustScore when they start out on Trustpilot."

Table 4 Ranking suppliers on the basis of Overall Customer Service

Supplier	Citizens Advice Rating	Which? Rating	Which? Sample Sizes	Trust Score	Number of Trustpilot responses	Overall Customer Service Score
Division One Excellent Performance						
Octopus Energy	4.3	80	168	9.5	6,415	4.4
So Energy	4.7	78	98	9.4	1,750	4.4
Bulb	4.2	72	168	9.5	11,343	4.2
Ovo	3.7	74	433	8.7	21,209	3.9
Tonik Energy	3.45	76	74	8.8	2,410	3.9
Utility Warehouse	3.95	73	154	8.1	6,799	3.9
Bristol Energy	4.05	72	57	7.7	787	3.8
Division Two Good Performance						
Green Network Energy	3.55	68	89	7.7	1,764	3.6
Avro	2.75	64	69	9.1	14,845	3.5
First Utility	3.6	66	132	7.0	34,582	3.5
Engie	3.5	70	40	6.5	87	3.4
Ecotricity	3.4	72	75	6.6	726	3.4
Flow	2.85	68	66	7.7	4,823	3.4
Robin Hood Energy	2.35	78	68	8.0	1,769	3.4
Division Three Mediocre Performance						
EdF	3.95	57	404	4.6	1,714	3.0
Utilita	2.25	71	110	6.1	4,566	3.0
Co-op Energy	3.05	66	135	4.3	639	2.8
Together	2.7	60	68	5.4	2,926	2.8
Green Star Energy	2.3	65	72	5.5	3,423	2.8
iSupply	2.15	57	45	6.6	5,205	2.8
SSE	4.4	58	929	1.65	768	2.7
British Gas	4.15	56	1,002	2.3	4,617	2.7
Division 4 Poor Performance						
Scottish Power	3.65	54	882	0.33	3,095	2.2
E.On Energy	2.9	57	5122	0.8	1,4295	2.1
nPower	3.15	54	728	0.6	1,723	2.1
Solarplicity	2.0	44	84	4.4	4,583	2.1

Over time, new suppliers will be evaluated by Citizens Advice and Which?, and will thereby enter the rankings. Given the total number of existing suppliers, the number of rankings could eventually double. But some existing suppliers will probably exit. There will be promotions and relegations between the four Divisions. This can happen on an ongoing basis: indeed, during the

few days of constructing this Table, a couple of suppliers had marginal changes in their TrustScore that led to slight repositioning within their Divisions.

But Table 4 is how the present 26 suppliers, for whom there is sufficient data on which to form a judgement, rank today. Other existing suppliers may or may not be better than these 26, but we don't yet know enough about them to be confident of a judgement.

5. Savings offered by suppliers in relation to Overall Customer Service scores

What tariffs are offered by these 26 suppliers in the Overall Customer Service rankings, relative to the default tariff cap? Table 5 shows the annual savings available from their lowest price tariffs, on 6 February 2019. All savings refer to online tariffs (but see further discussion below).

An asterisk * indicates that the energy is 100% Green. Several suppliers offered fixed tariffs of different durations. Table 5 lists only the fixed tariff with the greatest saving. This is typically a 12 month tariff; L denotes where the tariff with the greatest saving is a longer duration tariff (ranging from 13 to 36 months).

A few suppliers offered tariffs – not shown here - contingent on other conditions (for example, Utility Warehouse offered greater savings dependent on taking other telecommunications services from that supplier). A few suppliers offered additional benefits – for example in the form of discounts of various kinds – that are also not shown here. British Gas has a Variable tariff for existing customers that is not offered to new customers. Two suppliers offered green (exempt) tariffs with higher costs hence negative savings (Ecotricity £186 and Green Star Energy £81).

I have elsewhere discussed the many factors influencing fixed and variable tariff prices of different kinds of suppliers.[10] Briefly, these include different strengths of demand for different products, use of fixed products as an introductory offer to higher priced variable products, cross-subsidy of smaller suppliers who are exempt from certain social and environmental obligations (amounting to approximately £40 per year and in practice paid largely by customers on SVTs), pricing lower to grow market share, pricing by some suppliers below a sustainable level, a conscious decision by some local authority suppliers not to make a profit, and different levels of customer service standards.

Here, the focus is on the last factor: the relationship between savings offered and Overall Customer Service scores. Is there a trade-off between price and customer service? Or do the better suppliers offer lower prices?

As regards variable tariffs, Table 6 shows that just five of the 26 suppliers offer tariffs with significant savings relative to the variable tariff cap. These five suppliers are all in the Excellent or Good category for Overall Customer Service. Their offers range from Bulb at £116 down to

[10] Stephen Littlechild, "Providing for a transition back to a competitive retail energy market: A response to the CMA's Invitation to Comment on its proposed review of the Prepayment Charges Restriction Order 2016", University of Cambridge Energy Policy Research Group, 17 January 2019.

Robin Hood Energy at £43. The median saving with these five suppliers is with Octopus Energy at £78. No other supplier offers a saving of more than £9.

Table 5 Savings offered by suppliers in relation to Overall Customer Service scores

Supplier	Overall Customer Service score	Annual Saving			
		Variable Tariff		Fixed Tariff	WHD?
Division One: Excellent Performance					
Octopus Energy	4.4	78*		139*	
So Energy	4.4			121*	
Bulb	4.2	116*			✓
Ovo	3.9	1		39L	✓
Tonik Energy	3.9			136*L	
Utility Warehouse	3.9	6			✓
Bristol Energy	3.8			88	core
Division Two: Good Performance					
Green Network Energy	3.6	9		98, 120*L	
Avro	3.5	79		161	
First Utility	3.5	0		47	✓
Engie	3.4	63*		90*L	
Ecotricity	3.4				
Flow	3.4	2		11	
Robin Hood Energy	3.4	43		59*	core
Division Three: Mediocre Performance					
EdF	3.0	0		15L	✓
Utilita	3.0	4		4	✓
Co-op Energy	2.8	2*		11*L	✓
Together Energy	2.8	1		43	
Green Star Energy	2.8	1			
iSupply	2.8	0*		113*	
SSE	2.7	1		4	✓
British Gas	2.7	(0)		66	✓
Division Four: Poor Performance					
Scottish Power	2.2	0		110L	✓
E.On Energy	2.1	0		7	✓
nPower	2.1	0		10L	✓
Solarplicity	2.1	1*		42*	

With fixed tariffs, there is more choice. Seven suppliers offer over £100 saving, in the range £110 to £161. The five suppliers that offer the highest savings - £120 or over – are in the

Excellent or Good category for Overall Customer Service. Another eight suppliers offer savings between £39 and £90, five of them in the Excellent or Good category.

There are thus offers from ten suppliers with proven Excellent or Good Overall Customer Service scores. These suppliers are offering savings over the tariff cap in the range £39 to £161, with a median saving of £105.

For the most part, these offers are below the figures of up to £256 that may be found on certain PCWs. They are also below the savings of £150 that have been cited in the media. But they are nonetheless significant savings and, importantly, they are with suppliers that have a proven track record of Good or Excellent Overall Customer Service. They stand in contrast to the standard offers of the Big Six suppliers, that typically offer no savings over the tariff cap, and whose Overall Customer Service scores here fall into the categories Mediocre or Poor. Thus, although the default tariff cap may have restricted both price and quality competition, there is still evidence of substantial competition in both respects.

The final column of Table 5 indicates whether the supplier is part of the Warm Home Discount scheme. This is not part of the proposed Overall Customer Service score, but is potentially very relevant for those customers who are eligible for the scheme. 13 of the 26 suppliers are part of the scheme, 11 are not. The remaining two suppliers provide the scheme on a voluntary basis, but only for the 'core' group of such customers.

Table 5 indicates that WHD suppliers do offer some good savings, including a variable tariff saving £116 and five fixed tariffs saving between £47 and £110. But some other good and sometimes better savings are not available because those suppliers are not part of the WHD scheme. These unavailable offers include three variable tariffs saving in the range £63 to £78 and eight fixed tariffs saving between £90 and £139.

The WHD scheme is compulsory for Large and Mid-tier suppliers, optional for smaller ones. It seems that implementation of the scheme is not attractive to smaller suppliers. Given the compositions of Overall Customer Service divisions, two thirds of the Mediocre and Poor suppliers are part of the scheme, but only about one third of the Excellent and Good suppliers.

Some positive incentive to adopt the scheme might therefore be considered. Alternatively, the threshold of its compulsory adoption might be lowered.

6. Savings available with offline/paper tariffs

Although there are evidently significant savings available for online tariffs, what about the savings available to those customers who are unable or unwilling to buy their energy online, and who prefer offline tariffs via paper billing? As explained shortly, it is difficult to assess precisely which tariffs are indeed available offline. However, the Citizens Advice tariff comparison very helpfully provides a column explicitly indicating whether the billing is paper or paperless. Table 6 lists the offers shown there as available via paper billing. (Note that the Northumbria Energy tariffs shown in Table 3 above do not appear in the Citizens Advice listing.)

Table 6 Savings available for paper billing (not online)

Supplier	Variable	Fixed
Ebico	80	16
Bristol Energy	64	
Together Energy	1	43
Solarplicity	1	42
CitizEn Energy	0	16
RAM Energy	0	16
Robin Hood Energy	0	16
Co-op Energy	2	11
nPower	0	10
Spark	6	
Utility Warehouse	6	
GB Energy	2	
Green Star Energy	1	
Ovo	1	
EdF	0	
E.On	0	
First Utility	0	

Only nine suppliers are listed as offering an annual saving of over £6, and only four suppliers as offering a saving over £16. These four suppliers offer savings of £80, £64, £43 and £42. That's it: a very limited choice relative to the online tariff market just discussed.

This may be partly attributable to the SVT tariff cap. I believe that, at one time, the Six Large suppliers and most of the six Mid-tier suppliers used to offer their SVTs with only a modest price differential between a paper billing and an online basis. If their SVTs varied in price by over £60 (excluding Bulb), this would have provided some additional choice for paper billing customers.

But the tariff cap is not the only factor. Most suppliers do not seem to be competing for offline or paper billed customers. They prefer to focus on online tariffs, which seem easier and lower cost to provide and service, and which may well lead to additional revenues from additional online services.

What is also striking about Table 6 is the nature of the nine suppliers offering non-trivial savings against the tariff cap. All but one of them are suppliers owned by local authorities (Bristol Energy, CitizEn, RAM, Robin Hood Energy) or suppliers with an explicit social purpose (Ebico, Together Energy, Co-op Energy).

The regulatory obligations of a supplier with respect to offline tariffs seem unclear (at least to me). There seems to be a somewhat grey area with respect to provision and regulation.

I understand that suppliers are obliged to offer terms for offline (paper-based) supply. At least, Standard Licence Condition 27.1 provides that a supplier with more than 50,000 domestic customers "must offer the customer a wide choice of payment methods", including payment by cash and via PPM. But suppliers are not obliged to promote such payment methods. So perhaps they are not obliged to mention them in entries on PCWs or on their websites?

Since January 2018 (following the Payment Surcharges Regulations 2017), suppliers cannot impose surcharges for certain methods of payment (including credit cards). In contrast, Standard Licence Condition 27.2A provides that "any difference in terms and conditions as between payment methods … shall reflect their costs to the supplier of the different payment methods". Are these obligations mutually consistent?

Suppliers are not prevented from offering discounts for online tariffs – several do – and suppliers must not impose subsequent charges for offline tariffs that are not clear at the point of sale. But do suppliers have to set out such differential charges on their websites? It seems to be unclear or disputed whether any obligation to offer paper-based offline tariffs applies only to (e.g.) a standard variable tariff covered by the default tariff cap, or to all tariffs that a supplier might offer.[11]

In consequence, a customer wanting supply on a traditional offline paper basis cannot in practice easily learn the full range of what is available. The customer could perhaps use (or get someone else to use) an online PCW to discover what kinds of tariffs are available online, and then telephone or write to the supplier asking whether that particular tariff is also available offline. Or the customer could telephone or write to a series of suppliers in turn, asking what tariffs might be available on an offline paper basis. All this seems remarkably complicated and costly to the customer. And not conducive to enabling long-standing SVT customers to consider and move to alternative suppliers that might suit them better.

Is the answer better information labelling, by suppliers and PCWs, to cover for example payment terms as well as the nature of the energy and other potentially relevant information? I am reluctant to increase the regulatory burden. The more important question is why there is an apparent reluctance to supply energy on an offline basis.

The supplier regulations were initially intended to protect (inter alia) potentially vulnerable customers who did not have access to bank accounts. The terms for cash payment were therefore tied to the terms for credit or Direct Debit payment. Nowadays, there might be a similar concern for customers that are not comfortable with online account management. But if the offline terms are tied too closely to the online terms, this could hand hamper competition for online customers while at the same time making it unattractive to compete for offline customers. Are the

[11] To take one example at random, Engie says "You will receive a £15.75 discount per fuel (inclusive of VAT) per year for taking paperless billing, to get this you will need to manage your account online." Does this mean that the same tariff is a available for paper billing, at an extra cost of £15.75 per fuel? If so, such a tariff is not shown as available for paper billing on the Citizens Advice list.

regulations thereby having the unintended consequence of providing an incentive to hide rather than promote offline tariffs?

It would seem desirable to enable a wider and more accessible range of more competitive options for offline customers, many of whom might be considered vulnerable or who might be longstanding SVT customers. Some reconsideration of these supplier regulations and restrictions could usefully be explored.

7. Conclusions

This paper provides some evidence about the initial impact of the standard variable (default) tariff cap, and about how the retail market is operating at present. Prices to SVT customers have of course been reduced since December 2018 and the scope for further savings has reduced too. About 20 suppliers, including all but one of the Big Six and most of the six Mid-tier suppliers, are pricing at or near the cap.

What savings are available beyond the cap? A first glance at PCWs suggests that 14 different suppliers were offering savings ranging from about £130 per year to over £250 per year on 20 different tariffs. Closer scrutiny suggests that many of these offers are problematic, for various different reasons. This paper has proposed an Overall Customer Service score that identifies and quantifies good service. It finds that tariff savings from suppliers with proven Excellent and Good customer service scores are in the range £39 to £161, with a median saving of £105. This is lower than some of the savings touted in the media but nonetheless significant.

Following the CMA investigation and recommendations, Ofgem has been led to emphasise customer engagement and switching. There has been relatively little concern about the suppliers to whom the customers might switch. The implicit assumption seems to be that electricity is electricity, and all suppliers are pretty much the same.

The work of Citizens Advice and Which? and Trustpilot does not support this. Suppliers vary greatly, and customers have strong views about which are satisfactory and which are not. Surely more attention should be given to such concerns? The Overall Customer Service score proposed here incorporates and balances the findings of those three bodies, and differentiates between suppliers accordingly. The availability of such a score should be relevant both for customers that are accustomed to switch suppliers regularly, and for other customers that might wish to make a once-and-for-all switch to a better supplier. The score would seem to be a convenient way of bringing attention to such considerations, and might be mentioned in any regulatory proposals to nudge customers to greater engagement or to offer them specific proposals from alternative suppliers.

There are also implications for regulatory policy towards new entrants and exiting suppliers. Some new entrants are proving risky and, in going out of business, are imposing costs on other suppliers and thereby on other customers than their own. There is pressure on Ofgem to address this by increasing regulatory constraints on new entrant suppliers. But is there not also a case for

devolving more responsibility to customers themselves? Should they really be encouraged to switch to the lowest price suppliers, at no cost or risk to themselves?

Some customers are willing and able to take risks in order to get lower prices, and that is fine. Marketing by suppliers, PCWs, auto-switching services and others will bring lower priced opportunities to their attention. But why should those customers wanting the lowest cost tariffs not bear whatever risk is associated with a new and unproven supplier? The kind of Overall Customer Service score proposed here could be a means of enabling customers to judge the risks they are facing. It would encourage the development of suppliers that are better able to provide the quality of service that customers want. It would also minimise the possibility of throwing the burdens on other and perhaps more vulnerable customers if new and unproven suppliers then go bust.

One other concern emerges from this paper. Despite the tariff cap, there are still opportunities available to customers willing to shop around online and interact with suppliers online. But fewer opportunities are available to Warm Home Discount customers, and many fewer opportunities are available to customers unable or unwilling to go online. Indeed, there is obscurity as to what is or is not available. There needs to be more clarity here. And perhaps existing regulations on suppliers are precluding the emergence of a wider range of products and savings for those customers unable or unwilling to manage their accounts online.

As suggested in the Introduction to this paper, if the competitive market is to benefit as many customers as possible, then customers themselves, industry participants, customer bodies and regulatory authorities need to pay more attention to supplier reputation, including for price and quality of service. Just focusing on present prices and trying to increase switching is not enough.