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15 October 2021

Dear Sir/Madam,

### **Domestic energy retail consultation – opt-in and testing opt-out switching**

We welcome the opportunity to respond to this consultation. We recognise the importance of tackling the lack of consumer engagement with switching opportunities and support the aspiration that greater engagement will enable savings and inject competition in the market. This response represents the views of the Retail Energy Code Company and we are content for this to be published on your website.

### **About RECCo**

The Retail Energy Code Company (RECCo) was formed as the corporate vehicle for ensuring the proper, effective, and efficient implementation and ongoing management of Retail Energy Code (REC). We proactively deliver the operational elements of the REC, to implement strategies and maintain service excellence within an innovative and continuous service improvement framework.

We have made significant progress, delivering Ofgem's Retail Code Consolidation and are continuing to work hard to deliver on the wider commitments of our strategy. This includes the transition from existing customer transfer arrangements to those being developed as part of the Ofgem faster switching programme including the new Central Switching Service, which will be governed under the REC.

### **Summary**

Since these proposals were published in July, the energy markets have seen drastic and sustained increases in wholesale prices, which have led to unprecedented instability in the retail sector. In light of these events we would recommend that BEIS take a period of time to allow prices to stabilise and surviving energy suppliers to find a firmer financial footing, including through the distortions relating to the energy price cap being addressed, before revisiting its proposals for opt-in and opt-out switching. We would further recommend that the proposals for opt-in and opt-out switching are considered as part of a broader review of

the application and efficacy of domestic energy policies that are not directly responsive to international energy prices.

We wholly support the need to improve consumer engagement with switching suppliers and/or tariffs. No doubt greater engagement will not only help consumers avoid a loyalty penalty, but it should also be a factor in stimulating further competition in the market. Nevertheless, we question the overall approach and, in particular, the role of the delivery body. We believe this proposal does not fundamentally address the issues of why consumers are disengaged. Nor does it take a holistic approach to assessing how the domestic energy market can function to better support consumer choice. In future we need to consider how energy is seen as a service rather than a commodity and in support of that shift, consider more broadly how consumers and suppliers interact.

The proposal is narrowly focused on switching options and adds a layer of unnecessary administration and cost without significant benefit to the consumer or the domestic energy market. Alternative solutions such as incumbent suppliers undertaking a more pro-active role with direct communications, much like the current practice in telecoms or banking, would be able to achieve the same or greater levels of engagement. Simpler, direct correspondence being required at a given point, such as with car or home insurance, is proven to engage consumers who have the option to switch or remain with a current provider. The introduction of a similar approach, we believe, could be implemented with relatively little upheaval to consumers and industry, promote significant engagement and combat the loyalty penalty. We discuss below our concerns and suggested alternative approach.

## **Opt-in**

We are pleased to see the Collective Switching trials undertaken by Ofgem demonstrated an uptick in consumer engagement but question whether the 19-30% increase is sufficient to conclude that the approach should be mandated in regulation, as conversely, the trials also demonstrate that some 70-80% of trial participants did not switch.

There is evidence that opt-in schemes are already working for consumers, they range from those such as Which? Switch (used by 40,000 households)<sup>1</sup> to local authority offerings such as the Big London Energy Switch (includes 160 local authorities across the UK)<sup>2</sup>. Arguably, understanding why more consumers are not using existing schemes would be critical before creating further regulation that only marginally increases engagement, and would squeeze out the scope for lighter touch options such as mentioned above, or any future scheme that may be operated by a trusted organisation with whom the consumer has a relationship. In short, the proposed scheme would seem to offer little new, while stymieing the scope for further innovation and/or any role for charities or other bodies who may be able to target particular sectors and consumer needs as if not more effectively.

## **Opt-out**

Evergreen deals already provide consumers with the opportunity to continue, or opt-out. Consumers may choose to remain with a particular tariff for a number of reasons, such as the supplier's commitment to source renewable energy, the quality of apps or other ancillary

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<sup>1</sup> [Compare and switch energy providers today - Which? Switch](#)

<sup>2</sup> [About us | Collective Energy Switch \(biglondonenergyswitch.co.uk\)](#)

services. There should not be an automatic assumption that consumers who switch infrequently are wholly disengaged and have not made an active choice, they may simply not be sufficiently motivated by price signals or other prompts they receive to switch.

We recognise that there are many instances such as the enrolment in pension schemes or organ donation where an opt-out approach has worked well. However, in those cases any marginal increase in uptake could be considered a policy success. We do not consider that this is true of these proposals, where simply increasing rates of switching should not be an end itself; it is simply one potential means of achieving a better consumer outcome. We are concerned that any proposals which focus on tackling the symptom rather than the cause of potential consumer disengagement run the risk of unintended consequences.

While the current crisis may have been prompted by wholesale prices having rapidly exceeded the bi-annual tariff cap, this may simply have exacerbated the unsustainable risk of gaining market share through below cost pricing. Whilst lessons will no doubt be learnt, we are concerned that collective switching, whether through an opt-in or opt-out approach will again reward inappropriate and unsustainable behaviour on the part of suppliers, at least in the short-term. To the extent that consumers who are passively switched would remain disengaged, it is also unclear how they would be protected from subsequent price hikes in the period before they may again *qualify* to be passively switched. This may be compounded by the seeming safeguard offered by passive switching further dampening the consumers desire to make an actively choice of supplier or tariff.

## **Delivery body**

This brings us to how consumers are targeted and engaged. As the Ofgem trial shows, there is merit in targeting disengaged consumers. Both the proposed opt-in and opt-out process require the establishment of a delivery body to receive data from the supplier in order to contact the consumer. Given that the data is already in the hands of the incumbent supplier, who also has the benefit of being able to profile the consumers who have not switched for a prolonged period, it begs the question why that incumbent supplier should not be required to contact the consumer directly. The trials demonstrated that consumers were more likely to react positively when the letter was fronted with the branding of the incumbent<sup>3</sup>. This further questions why an additional body would be required. We believe there are comparable methods in other sectors that would better lend themselves to targeting disengaged consumers. We discuss these further below.

## **Prompt and competitive process**

Open Market and Collective Switching each carry the additional challenge of what tariffs should be offered. The Collective Switching approach invited energy suppliers to bid into an auction to be the winning exclusive tariff that would then be offered to the batch of consumers. The Open Market approach relies on the operation of a competitive market and

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<sup>3</sup> [Domestic energy retail consultation: Opt-in switching and testing opt-out switching \(publishing.service.gov.uk\)](#) - 26.9% switched when there was incumbent supplier branding, relative to 15% when Ofgem branding was exclusively used and 18.5% when the initial prompt came from Ofgem and the reminder came from the supplier. In both cases the communication text highlighted that the communication was authorised by Ofgem

the willingness of consumers to engage, which as the consultation notes remains challenging.

We question the interjection of more complication to creating tariffs when suppliers could provide more competitive tariffs directly or engage with any of the current collective switching options that are available.

Moreover, creating the lowest or cheapest tariff alone does not necessarily provide the best outcome for the consumer. Recent supplier failures demonstrate that such tariffs can create financial instability or failure where consumers can be left with another supplier and a tariff that does not meet their need. In turn these failures create costs that are ultimately passed to all consumers.

## **Costs**

The central role approach will not be without its own costs, and we note the various options to set up and fund the delivery body, but inevitably these costs will be passed on to consumers. It is likely that suppliers could undertake the role directly at a significantly reduced cost. We would welcome a cost benefit analysis to better understand the benefits case for proceeding with these trials.

## **Approach in other sectors**

Whilst the Supply Licence requires incumbent suppliers to provide information so that consumers can make informed choices, including tariff comparability and details of increases, they are not required to take action to actively encourage consumers to switch tariffs. There is no requirement to notify them of the ending of a fixed tariff that could trigger a renewal or switch. This is common practice in other services, such as car or home insurance renewal.

We note that the Financial Conduct Authority, FCA Banking: Conduct of Business sourcebook<sup>4</sup> (BCOBS 4.1 Enabling banking customers to make informed decisions) sets out the requirement not only to provide consumers with appropriate information, but it also makes provisions for when consumers should be notified of significant change and what they can do next. For example, where a material change in the rate of interest occurs, the provider needs to ensure the following:

- (4) Where a firm notifies a banking customer of a material change to a rate of interest that applies to a retail banking service and that will be to the disadvantage of a banking customer, this notification should, where applicable:
  - (a) refer to the fact that the firm offers a comparable retail banking service for which the banking customer is eligible;
  - (b) indicate that the banking customer may move to that retail banking service or a retail banking service provided by another firm; and,
  - (c) indicate that the firm will assist the banking customer to move to another retail banking service if he wishes to do so.

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<sup>4</sup> [BCOBS 4.1 Enabling banking customers to make informed decisions - FCA Handbook](#)

Similarly, under rule 5 : Conduct of Business sourcebook<sup>5</sup> , in the case where an 'introductory, promotional or preferential rate of interest applies to the retail banking service until a specified future date or the end of a fixed period, the firm should also provide notice of the expiry of the application of that rate of interest to the banking customer on paper or in another durable medium within a reasonable period before that rate of interest ceases to apply.'

Furthermore, in these circumstances, there is a requirement that the consumer is sent a reminder of the impending change:

(6B) Where a notice under (3)(c), (5) or (6A) is provided by the firm more than 14 days before the change to which the notice relates takes effect, a firm should also provide a reminder to the banking customer within a period beginning 14 days before the relevant change takes effect and ending on the day before it does so.

We also note that Ofcom – General Conditions of Entitlement Conditions C1.11 and C1.18<sup>6</sup> – Content of end-of-contract and annual best tariff notifications sets out the requirements for notifying consumers when a contract term is ending.

Providers must notify their customers of the following information annually:

- How much they are paying on the current plan
- Details about the services they receive
- The date that the current contract is due to expire
- How much they will pay if the contract expires and they do not take action
- Information about any notice periods for terminating the contract that may apply
- The best tariffs currently available from the provider

Consumers are accustomed to renewing home or car insurance via an annual exercise that requires the consumer to actively consider a current policy or finding a better alternative. Each provider engages the consumer ahead of the renewal anniversary. No doubt some consumers continue with a product without engaging, but the requirement to notify consumers, in the same way as other sectors, is an aspect that is currently absent in the domestic energy market.

### **Alternative option**

With these comparisons in mind, we believe an annual or anniversary renewal option even for consumers on a standard variable tariff would provide a similar experience to other sectors. Incumbent suppliers are in a unique position to be able to notify their customers when a tariff has ended, or annually provide details of a current tariff and the alternative options that exist either with them or signpost to the open market. The familiarity of a regular process could itself yield more engagement.

This approach would negate an overly complicated layer of administration and information requirements, and would ensure consumers are well informed of their options.

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<sup>5</sup> [BCOBS 4.1 Enabling banking customers to make informed decisions - FCA Handbook](#)

<sup>6</sup> [Ofcom's Guidance under General Condition C1 – contract requirements](#)

## **Associated Supply licence or code changes**

Changes to the supply licence mandating an annual or anniversary renewal would ensure all consumers receive regular prompts to make a choice. Additional information requirements could be set to ensure they are also provided with details of the best tariff available with the provider and/or point them to alternative options. The new faster, more reliable switching programme would be able to support any switch that would arise from the renewal notification. Performance could be managed through industry codes, such as the Retail Energy Code.

## **Conclusion**

We agree with commentators that it is now timely to review and reshape the energy retail offering to consumers, and any decision to proceed with mandatory collective switching should be considered in context of that wider review. If energy retail is indeed to pivot more towards provision of a service than a commodity product, as will be necessary if, for example, it is to facilitate the investment required to meet net-zero, the relationships that consumers build with their suppliers will become increasingly important, increasing differentiated, and in all likelihood require a greater degree of commitment on both sides. Whilst the industry should continue to make improvements to switching processes to remove friction, increase engagement and ensure that a high degree of interoperability is maintained, there should be less focus purely on switching volumes and greater emphasis on improvement to levels of consumer satisfaction without necessarily having to exercise the threat of switching to another provider.

Subject to the outcome of any review of energy retail rules, we do consider that there may be a need for a more targeted use of collective switching as a form of a pressure valve, allowing suppliers that may have achieved rapid and unexpected growth to ensure that they are able to properly manage their portfolio. Such prudent business practice is easily achievable in other sectors, but domestic energy retailers do not currently enjoy the same rights and tools to readily control their pace of growth, and therefore the extent of any exposure beyond currently hedged positions. We consider that the proposals for opt-in/out switching might provide such a mechanism where the option of partial trade sale is not readily available. This may mitigate the likelihood of the Supplier of Last Resort process being required, but it would also require safeguards against cherry-picking consumers.

For completeness, please see below our response to the consultation questions, but as our overall view is that an alternative option is preferable, not all questions are addressed.

We would welcome the opportunity to discuss our response with you. If you have any queries, please contact Suchitra Hammond ([info@retailenergycode.co.uk](mailto:info@retailenergycode.co.uk)) in the first instance.

Kind regards

Jon Dixon

**Director, Strategy and Development**

	Question	RECCo Response
1	Are there any other measures you think the Government should consider to help address the factors that have caused a loyalty penalty	The Government should consider the approach to switching in other sectors as detailed in our response above. Annual or anniversary renewal could be introduced with relative ease. Consumers are accustomed to such processes and Government could easily ensure necessary requirements are implemented.
2	Do you agree with the proposed scope of tariff targeting?	We agree with the scope of tariff targeting under the proposed scheme. However, if the Government considers the use of the approach used in other sectors, as detailed in our response above, all consumers could be targeted more effectively. Suppliers would be able to analyse their customer base and send annual or anniversary renewal information.
3	Which consumers do you think are more likely to be disengaged with the retail market, for instance due to their circumstances or duration on a default tariff?	Access to information is a key contributor to decision making and ensuring all consumers receive regular information, as detailed in our response above, not just targeted cohorts, could significantly improve engagement. The issue of disengagement may also stem from apathy. A pro-active requirement to prompt all consumers to engage is more likely to illicit engagement across all consumer groups.
4	Do you think that an opt-in switching scheme should focus on, or prioritise, targeting consumers who have been on a default tariff for longer durations? Please specify if you think any particular duration is appropriate.	
5	Do you agree that an opt-in switching scheme should not target consumers based on the price they pay for their existing default tariff	An annual or anniversary renewal would negate the need to target solely by duration since a switch or pricing. Every consumer would be encouraged to engage regularly via the requirement to renew. As detailed in our covering letter above, suppliers could be mandated to provide a range of information, which could include the best tariff currently available with the supplier. Therefore, every consumer could potentially benefit from the prompt to engage.
6	Do you agree that an opt-in switching scheme could be effective at creating new competition and market engagement in the PPM tariff market? Are there any PPM	Under our alternative proposal, all consumers, including those on PPM, would receive regular communications about their tariff and their options. This systematic engagement is likely to yield new competition. A market response may be to generate more options to meet those

	market considerations we should take into consideration?	needs for those on PPM than is currently available.
7	How do you think we should approach batch sizes and frequency? Do you agree with our proposed incremental, test and learn, approach to introduction?	
8	Do you think that each batch of the opt-in switching scheme should target all energy suppliers or should batches focus on subsets of suppliers?	Most effective testing would include all energy suppliers. This will ensure the full range of consumer types are reached and most representative data can be mined.
9	If batches focus on subsets of suppliers, on what basis should suppliers be prioritised for targeting?	N/A
10	Do you agree that the framework should allow for flexibility so that the policy lead (the Government and/or Ofgem) will be able to choose what type of prompt is used? Do you have any comments on the prompt options described, or any other methods?	<p>We believe that Government should seek to understand why consumers are not presently engaging more fully with opt in schemes that are readily available before it embarks on the creation of another collective switch scheme.</p> <p>If, as the trials seem to indicate, communication and supply of information is the issue, then the focus of a solution should be on appropriate interventions. Annual or anniversary renewal could meet this gap. Not only would it ensure the consumer is advised of the current tariff rate, but it would be an opportunity to present alternatives. Moreover, the consumer would be required to take a decision.</p>
11	Do you think a Government Company/ public model or a commercial model should be used for the Delivery Body(ies)? If a commercial body is used, do you think that a fee or commission based approach would be better? Are there any other models you think we should consider?	<p>We question why a delivery body is required and refer to our response above and other options that should be considered.</p> <p>However, for the purposes of this consultation, we would consider a commercial body is best placed to undertake this role. The lowest possible costs option, be that fee or commission should be considered as the most appropriate.</p>
12	If a commercial based framework (either through commission or a fee) is selected, a) to what extent do you think there will be competition risks? b) to what extent to you think the competition risks should and could be mitigated? C) what are your thoughts on the listed options of	<p>We believe both options present a competition risks and agree with the issues that are highlighted in the consultation.</p> <p>It is imperative from a consumer perspective that costs do not escalate and are minimised pass on costs. We agree with the mitigations listed, but again question why suppliers are not mandated to engage with consumers annually</p>

	mitigation? d) how else might competition risks be mitigated?	or on the anniversary of a renewal as detailed in our response above.
13	Do you think that appointing a Government Company (or another public body) as Delivery Body would help mitigate the identified competition risks? Do you think there are any competition implications from appointing a Government Company (or another public body) to this role? If so, how might these be managed?	We would be concerned at the level of potential costs of setting up a Government Company to undertake this role. We would also question whether the Government is well placed to provide the skillset and knowledge required for such a commercial role. This role could be outsourced but this would create a monopoly by the back door, which in turn creates competition issues.
14	Please provide views on the consumer protections we are considering. Are there other protections that we should consider?	We agree with the consumer protections that are being considered.
15	Do you think that the prompt should be administered by the incumbent supplier or the Delivery Body with the incumbent supplier's branding included on the communication? Do you think the identified challenges with requiring incumbent suppliers to provide the prompt to consumers can be resolved, if so, how?	We believe the incumbent supplier is best placed to communicate with the consumer. They will have an established relationship and presumably some level of trust that is likely to illicit a response when compared to correspondence from an unknown source. We have highlighted in our response above how incumbent suppliers could be required to engage with consumers.
16	If the Delivery Body is chosen to send out the prompt, do you think that the proposed functions and the data required by the Delivery Body set out in Table 1 are appropriate? Are there any of other data fields that you think should also be included?	
17	Do you agree that participating consumers should not be followed-up outside of the scheme? Do you think that the framework for the scheme should include the Delivery Body following-up and re-prompting consumers who previously switched through the scheme?	Consistency in correspondence is most likely to re-enforce the message to a consumer. However, it should not prohibit a consumer from receiving other messages or contacts. As discussed in the consultation, a consumer may have approached a PCW who could also assist the consumer in future decisions. They should not be prohibited from contacting the consumer, unless a consumer opts out of future engagement. Please also consider the alternative approach we discuss in our response above. This would ensure that every consumer receives at least one, informed and targeted prompt and negate the concerns and risks associated with delivery

		bodies contacting consumers outside of the scheme.
18	If the Delivery Body were to re-prompt such consumers, how do you think this should be designed?	
19	How do you think the opt-in switching scheme could link up with Midata or Smart Data more generally?	We would support the use of available data to aid understanding of consumer behaviour and how their needs could be better met.
20	Do you have comments on how wider information law requirements should be considering in the design of the opt-in switching scheme?	We note your consideration of GDPR requirements. We would also suggest security risks associated with the processing or handling of data are fully considered.
21	How might the opt-in scheme be designed to help facilitate reaching the UK's 2050 net-zero target?	<p>Many suppliers are already providing renewable energy to their customers. In this scenario, there is an opportunity to require all suppliers to provide renewable energy tariffs as part of the bidding process.</p> <p>In the long term, suppliers will need to significantly improve the renewable offerings to consumers. Consumers may become prosumers, using PV or batteries within the home to generate and meet some of their own needs. Energy may be seen as a service across the home.</p> <p>Domestic heating is another significant area of challenge for our net-zero ambitions. How homes are adapted, retro-fitted and heated going forward will significantly impact how energy is consumed.</p> <p>These scenarios should also be considered as part of this next phase of consultation. Any solution will need to meet the challenges of how energy is consumed in future.</p>
22	Do you think that we have identified appropriate testing aims? Please specify if there are areas you do not think we should focus on or if there is anything you think we should also include or take into consideration?	As part of the opt out testing aims, we believe that the Government should seek to understand how consumers would respond to an annual or anniversary renewal notification. Would this illicit the same, more or less engagement? We believe a more pro-active engagement requirement should be tested as an alternative.
23	Do you agree with our proposed approach to targeting? Are there any particular segments you think the testing should focus on or exclude?	

24	Do you agree with our assessment of the PPM market and proposed approach of keeping PPM within the testing framework's scope, and assessing closer to implementation whether PPM consumers should be targeted?	Some PPM consumers pay significantly more for their energy and may be the greatest beneficiaries of cheaper tariffs. Inclusion of this group would be vital to testing these switching schemes. It would be important to ensure that any new scheme works for all consumer segments.
25	Do you agree that the testing should target a subset of suppliers? If so, on what basis should those suppliers be selected?	
26	Do you think that a competitive process is likely to be effective at producing a good saving for consumers in the testing scheme? Would a process where the Delivery Body selects tariffs from open market using a set of criteria be more appropriate? Are there any other approaches we should consider?	<p>We have highlighted our alternative approach in our response above.</p> <p>In order to understand which option is most effective, testing both would be beneficial. There are a number of issues that will mean that testing is not fully reflective of how a market may react in real time. Moreover, each option raises some competition concerns that have also been discussed in the consultation. We would also want to understand how different consumers needs would be met. Identifying which is the most appropriate tariff for their different needs.</p>
27	Do you agree that tariffs should not be compared on variables other than price for testing, but there should be some minimum standards for non-price variables such as customer service? If yes, which variables should be included and how should they be measured/what should be the minimum standard?	If other variables are not tested, there is a risk that potential issues are not identified. For the most effective testing, other variables such as customer who own electric vehicles or solar panels and require agile tariffs, should be tested. These would be more reflective of how consumers are using energy in a changing market. Full consideration of possible variables is required to identify which would be most likely to impact future tariffs and consumer behaviour.
28	What methods could be used to help maximise consumer engagement with the opt-out option and communication?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
29	What action should consumers be required to take to opt out of the arranged switch? Do you agree with our proposals in section 3.5.1?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
30	How should the testing allow consumers to easily switch back to their previous supplier should they	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.

	wish to? Would only restricting exit fees for the new tariff be sufficient? Should we consider any other options?	
31	Do you agree with our proposed approaches to setting up new payments with standard credit and Direct Debit customers?	
32	Are there any other approaches or variations to the options outlined we should consider to help make the process as simple as possible for consumers?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
33	What, if any, practical challenges do you see for opt-out switching for PPM consumers, and how might these be overcome?	
34	Do you agree with the highlighted potential consumer risks that the scheme will need to consider? Do you think there are risks that we may have missed or other things to consider? Do you agree with our proposed approach to these risks? Are there other protections we should consider?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter. Many of the potential risks would be addressed if an alternative model is considered.
35	What types (for instance, by duration) of tariffs do you think participants in testing should be switched to?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
36	Do you agree that the opt-out communication should be administer by and addressed from the Delivery Body, but that also including the incumbent supplier's branding should be tested?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
37	Should the Delivery Body administer the opt-out communication, do you agree with the proposed data fields in Table 2 that the Delivery Body would require from the incumbent supplier to administer the opt-out communication with the consumer? Are there other identifiers that we should consider to enable consumers with certain characteristics to be identified, with an alternative approach applied?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.

38	Do you agree the Delivery Body should be the point of contact for consumer questions? And that, with the consumer's permission, the Delivery Body should be able to record the feedback and questions that come in from consumers as a method of understanding the consumer experience.	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
39	Do you agree with our proposals on what data sharing process will be required to initiate the switch	
40	Do you agree that the Delivery Body should be the point of contact in communication to initiate a reverse switch and empowered to represent the consumer in this process, including by enacting their rights (subject to the protections in place) when engaging with the new and old supplier?	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
41	Do you have comments on how wider information law requirements should be considering in the design of the opt-out testing framework?	We note your consideration of GDPR requirements. We would also suggest security risks associated with the processing or handling of data are fully considered.
42	How could default arrangements be reformed to help facilitate reaching the UK's 2050 net-zero target?	<p>Many suppliers are already providing renewable energy to their customers. In this scenario, there is an opportunity to require all suppliers to provide renewal energy tariffs as part of the bidding process.</p> <p>In the long term, suppliers will need to significantly improve the renewable offerings to consumers. Consumers may become prosumers, using PV or batteries within the home to generate and meet some of their own needs. Energy may be seen as a service across the home.</p> <p>Domestic heating is another significant area of challenge for our net-zero ambitions. How homes are adapted, retro-fitted and heated going forward will significantly impact how energy is consumed.</p> <p>These scenarios should also be considered as part of this next phase of consultation. Any solution will need to meet the challenges of how energy is consumed in future.</p>

43	Do you have any evidence that may improve our understanding of how these measures may impact consumers with different characteristics? For instance, given that we propose for these measures to target disengaged consumers.	
44	How could we design these measures to better: Domestic energy retail consultation: Opt-in and testing opt-out switching 78 a) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010; b) advance equality of opportunity between people who share a protected characteristic and those who do not; and c) foster good relations between people who share a protected characteristic and those who do not.	We believe there are alternative to opt in/out switching that should be considered as detailed in our covering letter.
45	How could the barriers to switching be reduced for indebted consumers?	In our proposed alternative option, at the renewal or anniversary date each incumbent supplier should provide the consumer with details of the best tariff that is available with that supplier. This would mean that the incumbent supplier could help the consumer reduce the cost of energy usage whilst retaining the indebted consumer as a customer. As the consultation notes, blocking a consumers switch due to indebtedness does not tackle the root issues of affordability. However, if they were regularly switched to the suppliers best tariff consumers could better manage both current costs and potentially reduce the level of debt.
46	How could opt-in switching and opt-out testing be designed to effectively support indebted consumers?	Please refer to our response at Qu 45.
47	Are there other approaches that the Government should consider to the default arrangements that would facilitate greater competition between suppliers and lower prices for all energy consumers?	Please refer to our response at Qu 45.
48	If the consumer is prompted to a specific winning tariff, do you think	If other variables are not tested, there is a risk that potential issues are not identified. For the

	that the scheme should consider variables other than price? If so, how?	most effective testing, other variables such as customer who own electric vehicles or solar panels and require agile tariffs, should be tested. These would be more reflective of how consumers are using energy in a changing market. Full consideration of possible variables is required to identify which would be most likely to impact future tariffs and consumer behaviour.
49	If consumers are prompted with a particular tariff, do you think that there should be more than one?	
50	Do you think that the competitive process, where used, should enable more than one winner? If so, why and how?	
51	Do you think that the opt-in switching scheme should seek to enable incumbent suppliers to try and keep their existing customers alongside the opt-in prompt?	
52	Do you think that cherry picking is a plausible risk and, if yes, how should processes be designed to mitigate against it? Please provide your view on the two options raised: requiring suppliers to select with the Government/Ofgem/Delivery Body reviewing aggregated data to check for representativeness; or the Government/Ofgem/Delivery Body randomly selecting from the pool of eligible customers for each supplier? Are there other methods we should consider?	Cherry picking is a risk and measures to safe guard against it will need to be considered. There is concern that the current failures in the retail market are prompting suppliers to cherry pick. We believe that there should be a broader review of the domestic energy market and issues such as cherry picking would inevitably form part of issues and risks in any assessment.
53	If the Government/Ofgem/Delivery Body were to review aggregated data to check for representativeness, what data do you think would need to be processed to enable this check?	
54	If consumer data is shared with the Delivery Body to enable them to administer the prompt, do you think that consumers should be offered an initial opt-out before that data processing?	
55	Do you agree that target suppliers should be required to randomly	

	pick consumers from their pool of eligible target suppliers, to determine which consumers are targeted by the testing?	
56	Do you agree that incumbent suppliers should be required to share consumer characteristics data to enable analysis of the impact on testing on different consumer groups?	
57	Do you agree that consumers should be offered an opt-out from having their data shared?	
58	Should suppliers be required to share a tally of the number of consumers who have not opt-ed out of each segment, to support processes for identifying a winning tariff?	