The co-operative energy

Fair Energy Summit

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Nigel Mason

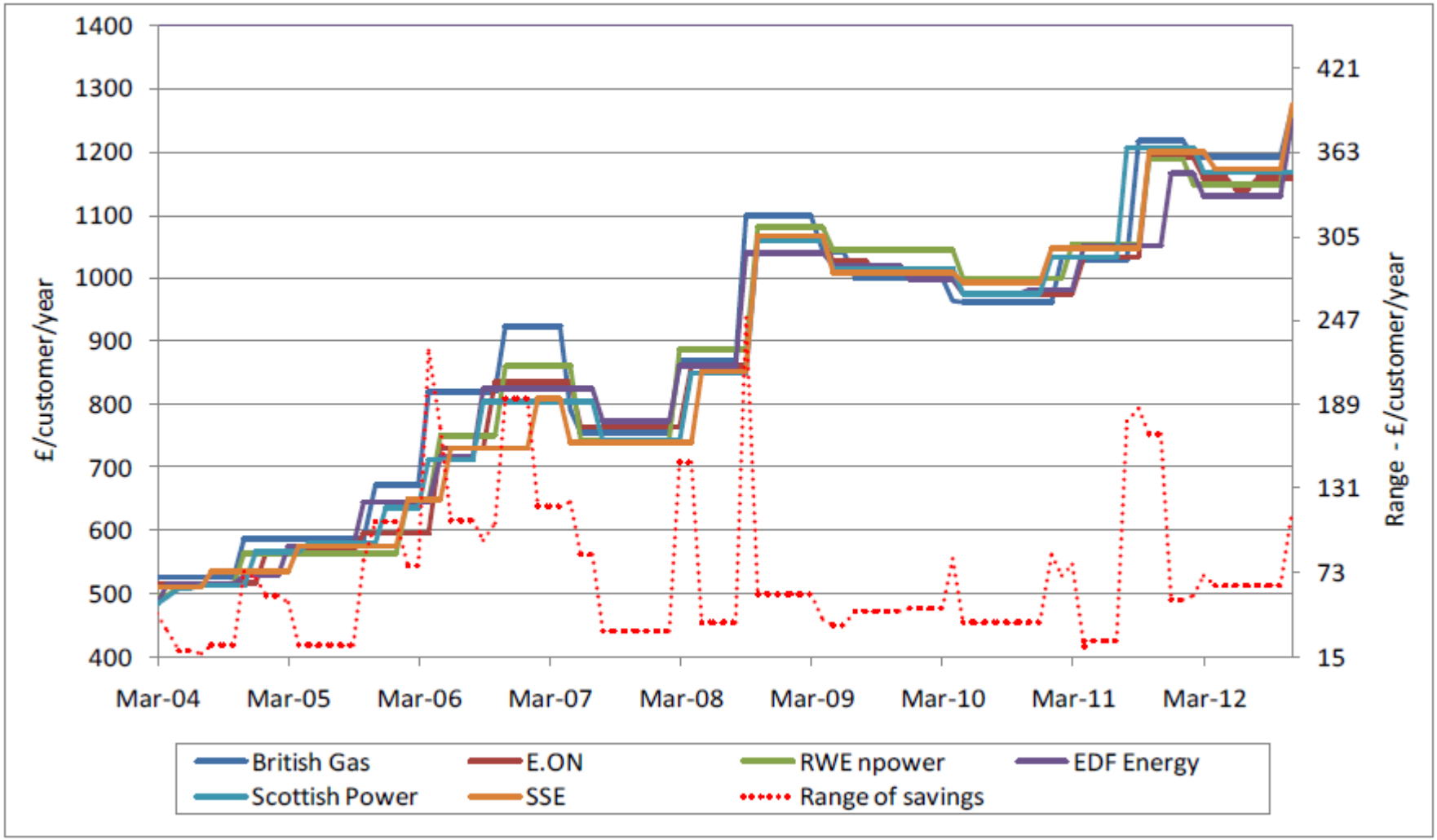
Theory

- Rational economic consumer
- Engaged and well informed consumer
- Easily comparable tariffs
- Transparent costs and pricing
- Diverse, competitive and innovative market

Reality

- Minority of active switchers
- Majority of disengaged consumers
- Business models based on consumer inertia
- Opaque pricing
- Barriers to entry and brakes on progress for new suppliers

Dual fuel, direct debit annual bills by supplier, March 2004 – October 2012



Source: Ofgem Retail Market Review – updated domestic proposals – October 2012

Barriers and brakes

1. Obligation thresholds – raise and taper

2. Tariff cross-subsidisation – reforms will help but need for enforcement

3. Wholesale market reform – restrict self-supply

Collective switching

- May help the previously disengaged consumer

But beware:

- Churn
- Tariff proliferation (again)
- Rogue operators