Electricity Switching – Sept & Oct

Switching slow down

The number of customers changing suppliers is falling significantly, according to Energy UK's latest electricity switching figures for September and October. Last month 434,000 customers switched supplier – a 27% fall compared to October 2020 and well below the five-year average figure of 608,000 for what is usually the busiest month of the year. In September, 471,000 customers switched supplier – a 4% decrease compared to August last year. So far this year nearly 4.7 million customers have changed supplier, a 5% decrease compared to the equivalent period in 2020.

The current turbulence in the retail market means that currently the cheapest deals are those covered by the price cap – a reversal of the normal situation where fixed- term tariffs had offered the best value. Switching is therefore likely to continue to fall over the next few months as customers are advised to stay on default tariffs in the absence of cheaper deals elsewhere. These figures record completed switches so October's figures will include switches started in the previous month. As a result, we may not see the full effect of the present disruption until November's figures are published. With a number of (mostly) smaller suppliers leaving the market in recent weeks, the figures also reveal that - for the first time since 2012 – bigger suppliers are now gaining customers from small and medium suppliers. These figures do **not** include customers transferred as part of the Supplier of Last Resort (SOLR) process, activated when a supplier goes out of business.

Matthew Cole, Independent Chairman of Energy UK's Energy Switch Guarantee, (a voluntary industry initiative under which signatory suppliers commit to making switching simple, and safe for customers, said:

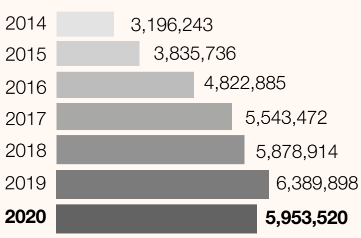
"It's no surprise to see switching numbers falling given the current situation – for many customers the usual motivation for switching isn't there right now. Towards the end of September, fixed deals overtook the cost of default tariffs, and some price comparison websites temporarily withdrew their services, but we won't see the full picture until November's figures are published.

"There is going to be more disruption over the winter but once we are through this and back to a more stable situation, there will still be an important role for switching – albeit in a market where price is no longer the only consideration and other factors like service quality and innovative new, tailored, products attract customers.

"The nature of the future retail market means that we shouldn't expect the same quantity of switching but the quality will remain important so that customers still have the confidence to check that their tariff is the right one for them, and to switch if another deal or supplier is more suitable for their needs."

Notes for editors:

- To see the latest monthly switching stats, please visit Energy UK's website.
- The rise in switching figures over last few years has been as follows:

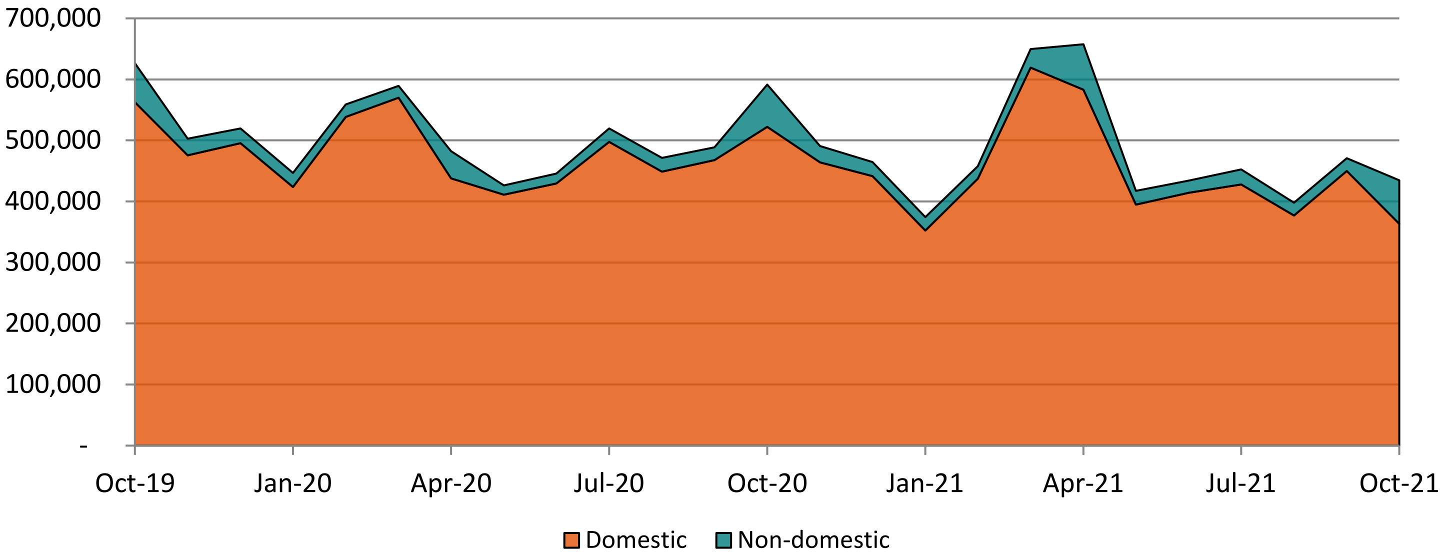


- From December 2020, larger suppliers in the market are British Gas, Bulb, EDF Energy, E.ON (including npower), Octopus Energy, OVO (including domestic business of SSE) and Scottish Power. This is based on Ofgem's revised definition of classifying all suppliers with a market share of 5% or above in either fuel as larger.
- Gemserv Limited is the service company contracted by the MRA Service Company (MRASCo) to provide services in support of the MRA including the management of its governance and providing specialised expertise to MRASCo in support of the growing electricity retail market.
- The data referenced in these reports is for electricity only. These figures include both domestic (Profile Classes 1 and 2) & non-domestic customers (Profile Classes 3-8 and 0) but do not include customers transferred to another supplier as a result of the Supplier of Last Resort process (SOLR). Also, any switches between merged parties are considered as internal and are not counted in our switching statistics.
- These figures do not include internal electricity switching. Such statistics can be found on the Ofgem website.

Change of Supply Event

A 'Change of Supply Event' is the industry term for describing when a domestic or non-domestic customer switches from one supplier to another. The total number of electricity switches in September is 470,630 (4% decrease from September 2020) and October is 434,467 (27% decrease from October 2020).

Total number of switches



Movement between supplier groups

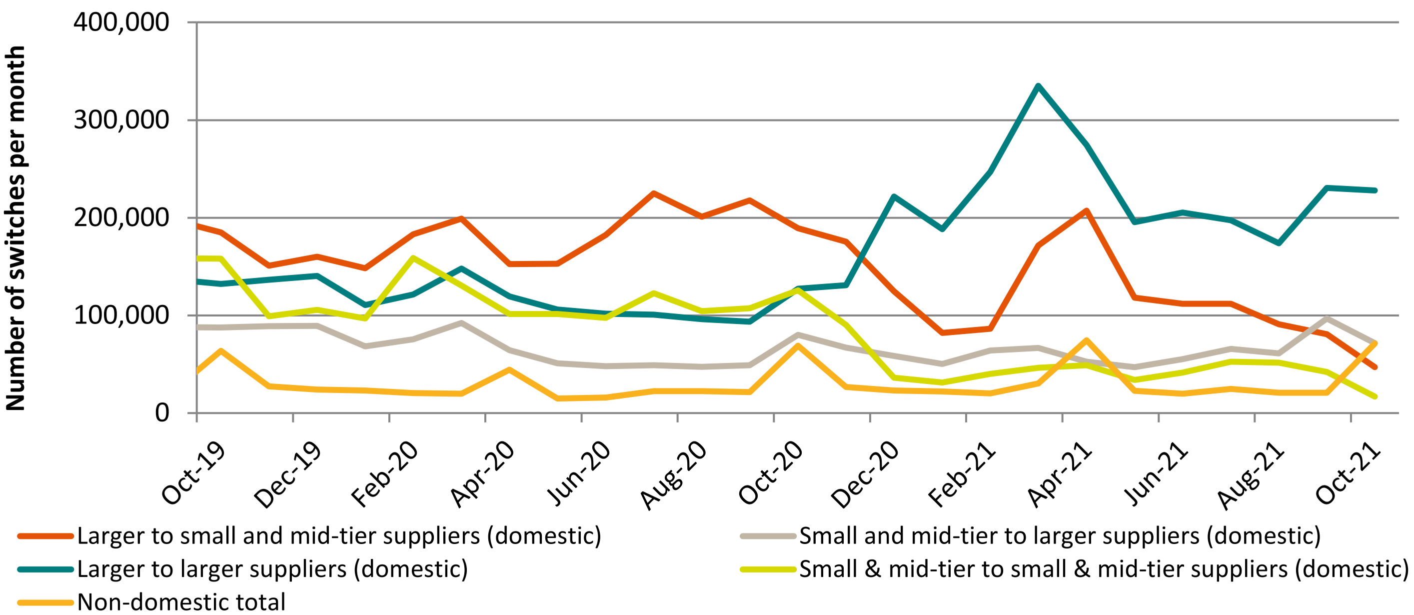
In September 2021, of all switches:

- **18%** were from larger to small and mid-tier suppliers
- **21%** were from small and mid-tier to larger suppliers
- **51%** were between larger suppliers
- **9%** were between small and mid-tier suppliers

In October 2021, of all switches:

- **13%** were from larger to small and mid-tier suppliers
- **20%** were from small and mid-tier to larger suppliers
- **63%** were between larger suppliers
- **5%** were between small and mid-tier suppliers

Movement between small and mid-tier and larger suppliers



Larger suppliers in the market include British Gas, Bulb, EDF Energy, E.ON (including npower), Octopus Energy, OVO (including the domestic business of SSE) and Scottish Power. Small and mid-tier suppliers consist of all the other suppliers who are licensed by Ofgem to supply electricity.

Gains by small and mid-tier suppliers

In September the net loss* within domestic market by small and mid-tier suppliers was -16,117 or -4% of all switches.
In October the net loss* within domestic market by small and mid-tier suppliers was -24,498 or -7% of all switches.

*Net loss is the number of switches from larger to small and mid-tier suppliers minus the number of switches from small and mid-tier to larger suppliers.

A breakdown of all switches

	Breakdown of domestic switches					Totals	
Month Year	Larger to small and mid-tier suppliers	Small and mid-tier to larger suppliers	Larger to larger suppliers	Small and mid-tier to small and mid-tier suppliers	Total domestic switches	Total non-domestic switches	Total
Oct-21	**47,062**	**71,560**	**227,896**	**16,775**	**393,293**	**71,174**	**434,467**
Sept-21	80,593	96,710	230,624	41,979	449,906	20,724	470,630
Aug-21	90,768	61,204	173,718	51,418	377,108	20,719	397,827
July-21	111,855	65,573	197,565	52,722	427,715	24,746	452,461
June-21	111,802	55,245	205,317	41,580	413,944	19,924	433,868
May-21	118,042	47,118	195,459	33,919	394,538	22,808	417,346
Apr-21	207,136	52,673	274,357	48,803	582,969	74,568	657,537
Mar-21	171,583	66,506	334,957	46,254	619,300	30,268	649,568
Feb-21	86,231	64,037	246,853	40,261	437,382	20,065	457,447
Jan-21	82,188	50,282	188,286	31,405	352,161	22,189	374,350
Dec-20	124,821	58,517	221,731	36,261	441,330	23,119	464,449
Nov-20	175,605	66,884	131,039	90,370	463,898	26,562	490,460
Oct-20	189,214	80,018	127,417	125,644	522,293	68,863	591,156
Sept-20	217,722	48,848	93,577	107,284	467,431	21,349	488,780
Aug-20	200,960	47,400	96,222	104,347	448,949	22,492	471,441
July-20	225,074	48,958	100,637	122,683	497,352	22,348	519,700
June-20	162,330	47,949	101,842	97,466	429,587	15,964	445,551
May-20	150,362	50,228	106,370	92,667	399,647	14,915	414,562
Apr-20	155,120	62,928	120,713	89,289	428,050	44,488	472,538
Mar-20	199,087	92,166	147,903	130,458	569,614	19,683	589,836
Feb-20	163,002	75,431	120,945	159,123	538,501	20,335	558,836
Jan-20	148,132	68,237	110,455	96,772	423,596	23,154	446,750
Dec-19	159,973	89,357	140,351	105,590	496,271	24,072	519,343
Nov-19	150,814	88,933	136,475	99,151	475,373	27,444	502,817
Oct-19	184,932	87,502	132,204	157,976	562,614	63,670	626,284

Gemserv Data provided by Gemserv