



Best Practice Guide

2022 - 2023





1. Introduction

As someone passionate about making sure that the energy system delivers the very best for customers, whatever their circumstances, I was delighted to become the third Independent Chair of the Energy Switch Guarantee, or ESG for short.

The focus of the Guarantee is switching, and switching alone, and specifically ensuring that customers have the information they need and protections they rightfully expect to engage fully in the market, stretching from how information is provided and presented when thinking about switching tariff or supplier, to principles that ensure that customers know what to expect and drive suppliers to continually enhance their default levels of service and standards.



Matthew Cole
Independent Chair of the
Energy Switch Guarantee

“All the suppliers who participated in 2022 pushed the boundaries of what they are doing to help customers in vulnerable circumstances through better informing tariff decisions and facilitating switching.”

The drive and passion that sits behind the Guarantee, and its members, is what excites me. Of course, it is essential that a strong and robust regulatory framework exists across the energy sector to both protect customers, and to maintain consistency in standards. That said, the shape and ambition of the household energy sector should not simply be defined by the regulator: in a competitive market suppliers should strive to go beyond the regulatory baseline, to deliver better for customers, and in doing so help create a stronger and more robust sector which provides strong and secure foundations on which to build our net zero ambition and plans.

Over the last year the ESG – and its members, which supply approximately half of GB households with gas and electricity – has started a process of transformation, to ensure that the Guarantee delivers changes that provide benefit to customers, whilst ensuring that supplier members meet clear commitments. This review of supplier standards and practices is part of this change and the ESG will continue to publish an annual review of practice, and where focus is needed.

As Chair of the ESG, I encourage ESG members and other suppliers alike to consider how their processes stand up against some of the principles highlighted and examples shown, to drive further innovation and improvements for customers. I would welcome comment or reflections from stakeholders and customers as to those areas that we drill into in 2023 and beyond.



2. Year in Review

2022 was a unique year for the GB household energy market; amidst increasing annual energy bills, switching between suppliers, previously seen as the key marker of competitiveness was significantly reduced, primarily due to the impact of temporary government support schemes to address the rising cost of wholesale market. At the same time the Ofgem-sponsored Faster and More Reliable Switching programme was launched, enabling customers to switch between suppliers in a few days, rather than a few weeks.

Notwithstanding the slowdown in inter-supplier switching, the ESG recognised that the reduction in customers electing to switch between suppliers was a temporary phenomenon and forecast that switching would return as the market stabilised in 2023 and beyond.

For that reason, 2022 was a year of change for the ESG: standards were updated, and new commitments agreed, a new measuring system was rolled out, and additional ‘checks and balances’ were introduced to hold supplier-members to account to ensure that they focussed on stepping beyond the regulatory baseline.

As part of this, all ESG suppliers-members were invited to present at an ESG Expert Panel Hearing, to demonstrate how they met two Guarantee commitments, and from this a good practice guide has been produced.

2022 ESG Signatories & ESG Expert Panel members:



Matthew Cole

Independent Chair

Dr Elizabeth Blakelock

Principal Policy Manager,
Citizens Advice

Alistair Hill

Energy Policy and Advocacy
Manager, Consumer Scotland

Dhara Vyas

Deputy CEO, Energy UK

Robert Birch

Secretariat for the ESG



3. Ensuring tariffs are clear and simple to understand and compare.

ESG signatories commit to making the information available to customers that is as clear and simple to understand as possible.

Why is this important:

- Deciding which tariffs are right for customers can be difficult, with a risk that potentially complex information could be presented in a way that could cause confusion.
- We want to ensure households recognise that ‘getting a different deal’ doesn’t necessarily mean a change of supplier is necessary. Sometimes their existing supplier may offer a different tariff that meets their current needs, and it’s critical that this is made clear to customers.

Keeping things simple

It’s important that from the get-go, the tariff is presented in simple terms, allowing customers to both quickly recognise key features and benefits, whilst also enabling ready comparison between different tariffs and suppliers.

- The panel was impressed with how **SSE OVO** lay out the key features of a customer’s tariff in the tariff name, helping to inform customers from the outset what they should be expecting. The supplier made this decision based on customer research that suggested this approach would reduce confusion and has in fact renamed a number of tariffs that were complex or confusing for customers. **Shell Energy** and **Outfox the Market** had a similar approach, using simplified naming conventions to improve customer understanding.
- **Shell Energy** and **SO Energy** communications follow the independently-accredited Web Content Accessibility Guidelines, ensuring that all customers are easily able to access information about their tariff.

Providing flexibility to customers

The panel recognised a consensus across suppliers that customers who wanted to transfer to them, change tariffs, or receive information about tariff offerings should not be restricted to single channels that might in turn restrict customer behaviour or their ability to drive a different outcome. Having a range of channels available for both information, and to allow customers to proactively select a change, including via an accessible website, webchat, telephone, and social media, makes suppliers more inclusive.



3. Ensuring tariffs are clear and simple to understand and compare.

Continuous improvement

The panel saw a drive from members to not stand still and to drive incremental change to ensure that customer experience and outcomes were enhanced. This way of working should be standard across the sector.

- **Bulb** has a ‘Make it Better’ Project Board that reviews and acts on any recommendations from customers or staff to improve service. This has been used to improve both their extra care services pathway and customer communications.
- **SSE OVO** and **Octopus** both demonstrated a commitment to test-and-learn principles around innovation. Developing a customer community to road-test new ideas before being marketed to the whole customer base ensures what’s being offered is fit for purpose.
- **Outfox the Market** provides customers with insights into how they use their energy, supporting them to make better, evidence-based decisions about the tariff that is most appropriate for their needs. For example, their customers can see whether a day/night tariff would reduce the cost of their electricity, helping make bills cheaper.
- Providing customers with the ability to access additional data to drill further into their consumption is something that **Octopus** provides as standard.

To consider

Notwithstanding the areas of good practice that we saw, the panel wanted to highlight the value that can be created from creating a culture within a company that prioritises customer-centric innovation, and the risk from only delivering to the regulatory baseline - since people’s needs, wants and expectations often go beyond this.

The panel sees the benefits delivered when suppliers proactively engage with their customers to share information about the underlying market conditions that will impact what they pay and how they use energy.

The panel would also encourage all suppliers to take steps to ensure that they are prepared for a return to high volumes of inter- and intra-supplier switching, both through the information they provide, and having the right people trained to be able to respond to customer queries and requests, ensuring that customers are paying the right amount and do not build up large credit or debt balances.



4. Ensuring suppliers avoid large credit or debit buildups on accounts

The issue of customers building up credit or debit balances has been a longstanding concern of some stakeholders and customers in recent years and has received greater media attention as prices have risen and household budgets have become stretched over 2022.

Energy Switch Guarantee signatories commit to putting in place measures to ensure that customers do not build up excessive credit or debit balances, so they won't end up with an unexpected bill to pay whilst trying to ensure that monthly payment amounts don't fluctuate wildly.

The panel heard from several suppliers about how they ensure that monthly direct debit payments accurately reflect the energy that customers are consuming and are forecast to consume in the coming months.

Although many different approaches can be used to ensure that payments are accurate, it was clear that ESG members had implemented additional measures to best support customers avoid build up of debt or credit.

- **Octopus** provides initial quotations using estimated customer usage. Recognising that this may contain some inaccuracies it has a core principle of creating an accurate forecast of required payments using actual customer data within six weeks. At this point, any mismatch between actual and estimated usage will be rectified with a prompt to customers to change their direct debit payments, proactively trying to get customers to return to a £0 balance by the start of March. **SO Energy** also reviews customer balances after 6 weeks to make sure that direct debit payments are accurate.
- The Payment Adequacy customer journey used by **E.ON Next** ensures that direct debit amounts for all customers are reviewed in the event of changes in government support, when a customer changes product, receives a refund or debt transfer, or a customer requests a review of their debit amounts. These triggers ensure that direct debits are set at an appropriate level based on both contextual and personal factors.
- **Shell Energy** reassesses customer direct debit amounts every three months to coincide with Ofgem's price cap announcements. These are also reviewed when a customer changes tariff, upon individual request, and where there is significant under- or over-payment. It incorporates a tolerance level of 10% either side of the recommended payment where there will be no change, allowing customers to budget better by preventing frequent changes in monthly payments.



4. Ensuring suppliers avoid large credit or debit buildups on accounts

Targeted intervention at the right time

The panel saw examples of how ESG members would prioritise intervention when it was identified that a customer may not be on target to have a nil balance at year end, and when customer behaviour suggested that additional support may be required:

- **Bulb** empowers its team members to offer ad-hoc interventions in telephone conversations, for example through changes to bill or payment dates if this will be of benefit to customers.
- Many suppliers also empower their teams to signpost potentially financially vulnerable customers to debt management specialists – such as StepChange and IE Hub – prior to an issue crystallising. For example, a ‘bounced’ direct debit payment may be an early indication that some additional support may be needed. Many suppliers – including **Shell Energy, EDF Energy, Octopus, SSE OVO** and **E.ON Next** – highlighted their internal funds, which can provide targeted support to avoid problem debt from being developed.

Innovation

Again, the panel recognises the critical nature of a culture that considers innovation as a ‘business as usual’ activity. **Octopus** has created an Energy Experience balance forecast which enables customers to demonstrate how their level of direct debit payment will impact their balance at the end of the year. The introduction of this tool was based on consumer research that demonstrated a lack of understanding of how seasonal consumption affects account balances. They are also continuing to innovate through providing a ‘crystal ball’ mode that uses expert forecasts to predict future energy costs to better inform customers about likely future payments.

To consider

The panel highlighted the importance of all suppliers ensuring that their payment review processes operated frequently enough to ensure that any required changes to customer payments were timely and did not result in wildly fluctuating payment values that could have been avoided by taking earlier action.

The panel also reflected on the variation in how suppliers target when a customer’s account had a nil balance, with some aiming for 12 months after account opening, and some a date at the end of peak winter consumption. In the latter this may result in higher levels of monthly payments for customers who start any payment plan at or after the late summer when there are fewer months where forecast winter consumption can be covered.

We heard from some suppliers how they varied the frequency of when direct debit payments could be collected and see the benefits of offering to customers a payment frequency that matches how they themselves receive income, be it weekly or fortnightly, monthly, or four-weekly.



5. Appendix: The Energy Switch Guarantee

Energy Switch Guarantee members strive to ensure that customers across Great Britain know that it's easy to check that the energy tariff you have is the right one for you. If it's not, it's easy to change it.

In 2022 the Energy Switch Guarantee raised its standards further. It's **Simple**. It's **Speedy**. It's **Safe**.

Simple Changing tariffs

- You do not always need to change suppliers to get a better deal and ESG members will always ensure that the key features of every tariff are clear and simple to understand and compare.
- If you do choose to move to a new supplier, once you've agreed with your existing supplier, you don't need to do anything else. Your new supplier will contact your current provider, and both will work together to ensure that your supply will never be interrupted and that the process runs as smoothly as possible.
- Customers switching to another tariff with their existing supplier can benefit too. You just need to choose a new tariff and within a few days your new tariff will begin.
- Before your current deal runs out – and with your permission – your supplier will be able to tell you about other tariffs that may be of interest or could potentially save you money which will give you time to decide what's best for you.

Speedy Switching is now faster than ever

- You will be able to switch suppliers faster than ever before. You can move to a new one within 5 working days after your notification has been received.
- You can also change tariffs with your current supplier within 5 working days and in addition select the date that works best for you – for example by allowing your previous deal to expire.
- When switching supplier, most final bills will be calculated within six weeks, just make sure you submit a final meter reading before your new tariff begins.

Safe Keeping everything on track

- When changing to a new tariff, your supplier will check that any monthly payments cover your forecast energy usage, minimising the chance of running up big debts or credit balances.
- If something goes wrong, whether you are switching tariff or supplier, your new supplier will take responsibility for sorting it out.
- If your supplier goes out of business any outstanding credit will be kept safe, whilst Ofgem – the industry regulator – appoints a new supplier for you.

The Energy Switch Guarantee exists to help customers.

- Each supplier that is a member of the ESG has a customer champion on its Board to ensure standards are met.
- Every year ESG members are required to supply detailed proof of how they meet specific key targets and commitments.
- Every year we will hold a hearing with signatories as well as a customer advocate to look at a particular area covered by the ESG. This will be followed by a published review, highlighting examples of best practice along with conclusions and recommendations.



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