

## **BUDGET ENERGY CONSULTATION RESPONSE**

### **Consultation on changes to the Domestic Marketing Code of Practice**

Budget Energy welcomes the opportunity to comment on the Utility Regulator's Consultation on changes to the Domestic Marketing Code of Practice.

As an electricity supplier we recognise that the energy market in Northern Ireland has developed and matured since it first opened to competition. As a result, there is more choice than ever for consumers in terms of suppliers, tariffs and services.

The initial rationale for ensuring quotes or comparisons were based on actual price per unit supplied (rather than £ estimated annual savings) helped ensure competition developed in a way that protected the consumer from potential misrepresentation of cost, savings or annual bills. However, as the market has now developed and indeed consumers have become used to choice and competition within the market a review is timely.

As the consultation highlights domestic tariff products have evolved considerably since the prohibition on annual comparisons was first introduced. There are a range of discount, fixed term and fixed rate tariffs with some suppliers, such as Budget Energy, choosing to separate out standing charges and present these to the customer. Therefore, only allowing a per unit rate comparison will not provide the clearest information to consumers. Allowing for an 'Annual Bill' or Estimated Bill approach will ensure that consumers find it easier to consider offers across a range of suppliers.

Generally, consumers will also be more comfortable and understanding of an Annual Bill comparison rather than a tariff unit rate comparison as it has more relevance to everyday spending habits.

NIAUR states that 3,200kWh will be used for electricity and 12,000kWh will be used for gas. Although this is an acceptable level of consumption it would be important for NIAUR to clarify the methodology for defining this consumption level and when this may be reviewed. For example, does NIAUR see the consumption values being 'linked' to the OFGEM Typical Domestic Consumption Values (TDCV). And if so, when these are reviewed by OFGEM would changes be introduced to NI.

NIAUR should also confirm whether any consumption split will apply to Economy 7 tariffs. Will these be based on a 50:50 split of peak and off-peak consumption or will it follow the 58%:42% split included in OFGEM typical consumption values.

Finally, NIAUR and suppliers will need to be aware of potential confusion amongst consumers with different 'average' consumption values across the island of Ireland. To highlight this the average consumption values in ROI are 4,200kWh (electricity) and 11,000kWh (gas) whereas the proposed values will be 3,200kWh (electricity) and 12,000kWh (gas) in NI.