

## **Which? energy campaign**

Further to our recent meeting where we discussed your energy campaign and subsequent dialogue between our teams, I am now writing as agreed to give you an update on British Gas' plans to engage with our customers over the following weeks and months, as well as providing you with a reminder of what activity we have already undertaken to date.

Before setting out our plans in more detail, it is worth briefly acknowledging the environment within which we operate today.

The two-year comprehensive CMA market investigation concluded with a number of remedies, which we have accepted and have started to implement. These remedies, in conjunction with increased retail competition in our sector, will in themselves significantly increase consumer engagement, innovation and competition. Like Which?, we have publicly stated that time should now be allowed for these remedies to be properly implemented and embedded across the sector, allowing consumers the opportunity to benefit fully from them.

In parallel to the work of the CMA, Ofgem has also removed the tariff restrictions introduced through RMR, which will enable suppliers to deliver greater choice for consumers. Supplemented by the smart meter rollout, and the innovation this will enable, consumers will better understand their energy consumption and benefit from greater customer service, with more accurate bills, faster switching and access to more engaging online account management tools, consumption alerts and online offers and rewards.

Competition itself will also continue to drive innovation and consumer engagement across the market. We note the steady increase in the number of smaller suppliers entering into the market (growing their market share) and price comparison websites will be equipped with more customer data to increase levels of switching. Therefore, we believe that energy customers in Britain benefit from a very competitive energy market with over 50 companies to choose from, and we know we have to work hard to win new customers and keep our loyal customers happy with our service.

British Gas serves millions of customers across the country, keeping their homes warm and working and providing support and expertise when things go wrong. Everything we do is focused on satisfying the changing needs of our customers and we are passionate about finding ways to help put them in control of their energy.

Turning to our plans for engaging customers, including those currently on our standard variable tariff (SVT), I can confirm we have made and are implementing a number of commitments to our customers.

#### **Our customer commitments:**

- **Winter SVT price freeze.** Our standard variable rate is one of the cheapest in the market. Only 5% of customers on an SVT have a deal cheaper than British Gas' SVT. We have committed to keeping it unchanged through the winter.
- **No new-customer-only energy deals.** All of our existing customers can get the same great energy deals for their homes as new customers.
- **Annual Energy Health Check.** Every customer on a standard variable tariff will get an energy health check to make sure they're on the right tariff.
  - A simple, engaging communication to highlight the right tariff and payment type for our customers.
  - This will increase transparency including information on what happens when a fixed term contract comes to an end.
  - This will highlight other ways we can help our customers save money like replacing old and inefficient boilers or insulating their homes for free.
- **Price cuts and bill reduction over 3 years.** We have made 3 price cuts in the last three years, all on gas. This amounts to a total saving of £91 for the average customer. This saving is £25 more than any other large supplier over the same time period and £37 more than the average of the large suppliers.
- **We reward loyalty, driving choice and product innovation, offering more than just energy.** Our customers can access a wide range of benefits ranging from discounts on our Homecare Services, through to our Home Insurance offers. Our loyalty scheme customers also enjoy rewarding offers and giveaways through Nectar.
- **We are investing in technology like Hive Active Heating** to help customers save money and time, putting them in control of their energy consumption.
- **We are leading the smart meter roll out,** bringing the benefits of smart meters to more customers than any of our competitors. We have now installed more than 3m in homes around Britain.
- **We do more than any other energy supplier for vulnerable customers.** We have an industry-leading programme of support for customers in vulnerable circumstances, with 300 dedicated vulnerable customer service agents in Leeds and a specialist team in our corporate centre driving innovation and best practice. Alongside this, we are donating £13.1m to the independent British Gas Energy Trust in the current financial year, to fund debt relief grants, energy efficient white goods, funeral expenses and debt advice through trusted intermediaries such as Citizens Advice and Shelter.
- **We are simplifying all our interactions** with customers to make things easier for them (including, our simplified bill trial).

You also asked that we demonstrate that we understand our SVT base:

**We talk to our customers every day and we know that they have different needs from us and the products and services that we provide**

- Our SVT customers are not a homogenous group and they have different product holdings and tenures with us. They are a diverse group of customers and we will therefore always aim to treat them as such.
- Whilst our SVT customer base varies considerably, the length of time a customer has been on SVT does not define who they are or what they may need.
- Many of our SVT customers engage and interact with us regularly and many have made an active choice to be on the SVT.
- We already highlight to all our customers on every bill, annual statement and at the end of a fixed term contract whether we offer a cheaper tariff.

**Ensuring customers continue to make an active informed choice is important to us and we recognise that there is more to do**

- We have developed a programme to encourage customers to engage more with us and with the market.
- This began in Autumn 2016 and we will be rolling out further measures through 2017
- In stage **1** we have already contacted hundreds of thousands of SVT customers testing a range of propositions, offers and communications.

**The initial response rates are strong and we now rolling out the programme to all of our SVT customers in H1**

- We will use a wide range of offers to meet customer energy and broader market needs, measuring and researching the different offers and responses to ensure we continue to meet those needs
- We will also continue to simplify and personalise the communication to encourage engagement.

**We are simplifying our interactions with all our customers to make things easier for them driving clarity and choice**

- We are the only energy company to have been granted permission to trial a simpler bill format, focusing on the areas our customers tell us are important to them. We aim to roll out a simpler bill to all of our customers this year.
- The launch of our Annual Energy Health Check reinforces our commitment to ensure all of our interactions with our customers are simple and support our customers making an active, informed choice.

**We are using smart meters and technology to launch new market leading offers, and we are building new tools for customers to understand and engage with their energy usage, saving them time, effort and money**

- We launched the UK's first mass-market time-of-use tariff last summer, Home Energy Freetime, underpinned by smart meters. It offers customers the choice of free electricity on a Saturday or Sunday each week.
- Alongside driving savings, the smart tariff changes our customers' engagement with energy.
- We are continuing to invest in and build new tools for customers to understand and engage with their energy usage including our My Energy Report (which is now available to 3.4m customers) and Hive Active Heating; both putting our customers in control.

As you will see from the above, we are taking the challenge to engage our customers extremely seriously and as such, I not only endorse the above plans, but I am also personally actively involved in their preparation and rollout. I would be happy to share the headline results of each of these initiatives with you (including monitoring of success and learnings) once I am able to do so.

I realise that I have given you lots of detail here (as requested), so I trust that you will find the above helpful to inform your campaign. Of course, I would be more than happy to meet and discuss with you in more detail.

Kind regards

A handwritten signature in black ink, appearing to read 'Mark', written in a cursive style.

Mark

CC: Vickie Sheriff, Director of Campaigns and Communications, Which?  
James Wickett-Whyte, Corporate Affairs Manager, Which?