Ofcom Strategic Review of Telecommunications

Phase 2 consultation document

Response from Ofcom Consumer Panel

Executive Summary

- We believe that the outcome of Ofcom's Strategic Review of Telecommunications must be a telecoms environment that will allow every UK citizen to participate fully in society and to make informed choices in the purchasing decisions they make as consumers in the marketplace. For this to happen, Ofcom must embrace the concept of 'real equality of access' as readily for citizens and consumers as it does for the industry.

- Central to this must be the development of a clearly articulated 'bottom-line' for citizens and consumers; what does Ofcom see its regulatory strategy delivering for each of us? We think it is imperative that Ofcom develops its indicators of success – measurable, relevant, time-limited interventions against which Ofcom's regulatory record can be tracked.

- We do agree that the UK telecoms market is performing adequately; but there is much room for improvement. People with disabilities, those who live in geographically remote communities or who are on low incomes are all still prevented in various ways from enjoying the full benefits that a competitive market should deliver. Ofcom must ensure that it moves swiftly and effectively to remedy these failures, and be vigilant in acting against emergent new barriers.

- Universal service obligations will continue to be essential to ensure continued protection for disadvantaged consumers and we urge Ofcom to be more radical in its vision(s) for the future. New technology has the potential to deliver tremendous benefits to all consumers but without the regulator's support there is a real risk that the development of Next Generation Networks, for example, will lead to a communications environment that adds to social division because it is less accessible to vulnerable consumers than the environment we have at present.

- Markets work best when they are driven by empowered consumers. Ofcom has provided commendable amounts of penetrating analysis of market behaviour – but this is not matched by similar rigour in its analysis of consumer behaviour. Ofcom must take a step-back from its current, tentative approach to consumer information and develop a more robust strategy for true consumer empowerment. This means putting consumer interests explicitly at the heart of this review

- Improving the information conditions in the market-place will be central to creating a climate where consumers feel empowered to make informed decisions. Ofcom must develop considerably more substantive and coherent proposals in this area and should give more penetrating thought to the proposals it discusses in its consultation;

- Finally, Ofcom must pay greater attention to the way in which it presents consultations of such major significance to citizens and consumers.

Introduction

1. The Consumer Panel, despite its name, does not look only at issues affecting people as consumers. Consumer issues are important – they are about price, quality, service transparency, and they rightly loom large in our response to this Ofcom document. But they are not the whole story. The Panel also takes a strong interest in issues about access to communications that arise because of where people live; or who they are

2. We emphasise this point here because we feel that issues that go wider than straightforward consumer issues – so-called "citizen" issues – are treated somewhat sketchily in this consultation. We say more about this at paragraph 9 below.

3. In the introduction to our response to the Phase 1 consultation, we observed that "*affordable access to telecommunications services is essential for social and economic inclusion and provides a valuable lifeline to vulnerable consumers*[1]". This remains our guiding principle in submitting our response to Phase 2. We believe that the very first question posed by Ofcom during Phase 1 "in relation to

[1] Ofcom Consumer Panel response to TSR Phase 1
http://www.ofcomconsumerpanel.org.uk/consultations_ofcom.htm

the interests of citizens and consumers, what are the key attributes of a well-functioning telecoms market?" should have remained at the forefront of Phase 2. Our own answer to this question, which is "*a telecoms market that will allow everyone in the UK to participate fully in society both as citizens and consumers"* – is what we seek as the ultimate outcome of Ofcom's Strategic Review.

4. In our view, the document addresses issues in the wrong order. Instead of ending with citizen and consumer matters Ofcom should have had them as the starting point. This is an important presentational point and sends a message about the priority that Ofcom attaches to these issues. But the point goes much further than presentation. We find it hard to understand how Ofcom can design a regulatory approach which does not explicitly start from an analysis of what consumers and citizens need from this market; and to what extent regulation will or will not be necessary to deliver "citizen" objectives.

5. In any analysis of the telecoms market, there should be a clear statement of the outcome or outcomes that Ofcom is trying to achieve for citizens and consumers. The Consumer Panel's statement would be along the lines that we want to see a telecoms market environment that offers everyone in society access to high speed communications products and services. This must be from a wide range of suppliers, with a broad and comprehensible choice of tariff options, in a commercial environment which promotes and supports innovation - all on terms that do not discriminate financially against those who because of disability or geography have requirements that the market may not meet as a matter of course. It is critical that the telecommunications market-place is invigorated by empowered consumers who are equipped to drive the industry into delivering the products, services and prices that *they* demand – not end-up confused or passive recipients of what the market opts to deliver.

6. Our challenge for Ofcom is to respond to this statement by saying whether or not it agrees with it; if it agrees, how do the regulatory principles and practice it sets out in its consultation document move to meeting these objectives; or, if it does not agree with this statement, why not.

7. Ofcom should produce a clear statement of how it will measure progress towards the achievement of the outcomes it is trying to attain for citizens and consumers. Without this unequivocal statement, how in months and years to come will Ofcom

be able to demonstrate that its regulatory approach has fulfilled its statutory duty of furthering the interests of citizens and consumers?

8. We therefore challenge Ofcom to develop in Phase 3, in full consultation with consumers and industry, its key performance indicators for the telecommunications market. It is essential that we are able to measure the success of Ofcom's regulatory principles and approach – not simply in ways where we must infer the benefit that accrues to consumers e.g. from the number of suppliers – but in real, 'in-the-pocket' terms which consumers can quantify and understand.

The Panel's approach to the review

9. As we have noted, we consider reflection of both the interests of citizens *and* consumers to be inherent in our statutory duty. That is, when considering the interests of consumers in the market place we assess their ability to make informed choices and purchase the goods and services which match their own requirements. Being able to make an informed choice is essential if consumers are to be able to make the market work for them. Unless consumers are able to make informed choices when deciding between internet accounts, for example, they will suffer detriment if the chosen account fails to provide the expected combination of quality and price. But we are equally concerned about the potential for people to be excluded from accessing goods and services as a result of financial or other disadvantage, particularly when that exclusion restricts their ability to participate fully as citizens in society. For example, if people do not have access to the internet at all they are prevented as citizens from utilising the ever-increasing range of e-government and other on-line services which society is becoming increasingly reliant upon.

10. In fixed line telephony it is accepted that access to a fixed line service at a cost which is affordable is a universal service obligation. Lack of access may result from incomplete infrastructure roll-out - so people cannot connect - or for reasons of affordability, disability, location etc which prevents consumers from being able to purchase or use essential equipment. Whatever the reason, peoples' ability to use essential communications systems as citizens may be compromised.

11. We have considered the following questions in preparing our response:

a. Is there a clear statement of the benefits that Ofcom expects to be delivered to citizens, consumers and small businesses as a result of its review?
b. Has Ofcom established key indicators which it intends to track in order to establish whether or not its regulatory principles are delivering anticipated benefits to citizens, consumers and small businesses?
c. Is there a coherent strategy for ensuring that consumers and small businesses are sufficiently empowered to drive competition and obtain the benefits that well-functioning competitive markets deliver?
d. Is there a commitment to ensuring that the principle of 'real equality of access' applies to citizen and consumers' access to networks, products and services?

12. Our response is also informed by the emerging results of our own consumer research. Full analysis of this research is currently under way and the results and accompanying Panel report will be available in Easter 2005.

The current situation

13. Our view, based on the evidence, is that we think that the UK telecoms market is working adequately but patchily. Whilst telecommunications has indeed moved beyond the characteristics of a monopoly utility, the benefits of competition are still not being felt by significant geographical areas of the UK and by significant groups of consumers – be that though lack of choice e.g. no access to broadband or limited options for hearing-impaired consumers on mobile - or because of lack of empowerment e.g. inadequate information on options or fear of unexpected consequences.

14. The wide differences in consumer usage and behaviour clearly identified by Ofcom's own research also indicate to us that the market is not as healthy as it could be on the demand side – with only 24% of consumers ever having changed the supplier who provides their fixed-line telephone service and 23% the supplier who provides their fixed-line calls; many consumers remain unaware of the range of options open to them.

15. Whilst differences in consumer behaviour - people having different degrees of willingness to search for information for example - are not unique to the telecommunications industry, the critical role that telecommunications plays in

allowing citizens to participate effectively in society means that Ofcom has a responsibility to ensure that the way in which the market develops is not at the expense of social inclusion. Ofcom's regulation therefore has a triple role; to keep pace with and not hinder a rapid rate of technological and commercial innovation; to make sure that consumers are able to play the vital role that is assigned to them for a market to be truly competitive; and to ensure that the most vulnerable, least empowered people do not get left by the wayside.

16. This will require recognition by both the regulator and the industry that people often want and need different things from different markets – be that different information requirements, different tariff requirements or even different levels of supplier choice - and that subtle differences in regulation may be required between markets. Influencing this will be the way individuals value the respective services and what the major attributes affecting their purchasing decisions are (cost, quality etc).

Universal service – questions 18, 19 and 20

17. As stated at the outset of this response, we are extremely disappointed by the placing of such a fundamental citizen concern at the end of Ofcom's analysis. The concept of universal service – the provision of the basic 'safety net' of services at affordable prices – is central to a citizen and consumer-centred approach to the telecoms market. It should and must have greater prominence.

18. Equally, whilst recognising the legislative framework that surrounds USO, Panel members were disappointed by Ofcom's comparative lack of radicalism in debating the future of USO relative to approaches taken to other aspects of the market. It is regrettable that Ofcom's separate USO review is out of synch with the TSR, and we think that Ofcom should have managed this better. It seems bizarre to be consulting in detail on the USO on a separate timetable from the rest of the strategic telecoms review. The findings from the separate USO review could have been an invaluable base-line for a more comprehensive, free-thinking look at the whole premise of USO. We would like Ofcom to explain why the USO review and the TSR were not co-ordinated so that the benefits of the USO review could have been brought into the TSR.

19. Questions about USO do indeed have a dedicated chapter and policy annex in this consultation document, but there appears to be little of substance in Ofcom's

analysis to re-examine critically what universal service in telecoms should mean in the 21 Century. Real equality of access as a principle is expanded on at length in relation to the supply side of the telecoms industry; we regret that similar attention was not paid to the application of the principle on the demand side i.e. the right of consumers and citizens to have real equality of access to the telecoms market regardless of disability, geography or other factor. We look forward to Ofcom taking this debate on through Phase 3 ideally with close integration of the findings of the USO review.

20. Our own view is that new technology, if introduced fairly, presents tremendous opportunities for the development of flexible, innovative and enabling products and services. We must therefore state that we find it disappointing not to see a more vocal commitment from Ofcom to ensuring that the market develops in such a way as to provide cost equivalent services to allow all consumers, regardless of speech, hearing, sight or dexterity impairment, to communicate with anyone else – with or without disabilities. We are convinced that must become an integral part of the development of next generation networks to minimise the potential for exclusion of consumers with disabilities.

21. Had a more ambitious approach been adopted, we think that the discussion about the scope of the USO would have been less concerned with technology-specific solutions, and more about technology neutral principles. We see the need for a new agenda for debate around the concept and delivery of the USO which looks at:

- The development of General Conditions for all service providers as opposed to special conditions for incumbents;
- Future network capability and its flexible connectivity;
- Options for bringing in video, text, speech and appropriate relay as required, with equivalent tariff structures – including genuine consideration of technologies such as the Universal Communications Identifier.

22. Until this more wide-ranging discussion of USO is conducted it is difficult to comment on funding arrangements as they may differ according to the nature of services to be provided.

Regulatory principles and approaches – questions 1, 2, 3, 4, 6,

23. As the Consumer Panel we are primarily concerned with the outcomes of regulation; the regulatory approach and principles of the regulator are relevant to us only in so far as we can be confident that they will protect and further the position of citizens and consumers. With that in mind we are disappointed not to see a single reference to these in the seven regulatory principles proposed by Ofcom. We are left to *infer* that Ofcom's approach will further the interests of citizens and consumers. This is, however, questionable. Of course, what Ofcom says about promoting competition will, if realised bring consumer benefits; but only if consumers are in fact able to make informed choices in the market. A chaotic free-for-all, on its own (as in the DQ liberalisation experiment) may seem highly competitive – but will not necessarily bring benefits to consumers. And we do not see how Ofcom's stated regulatory principles will, if met, deliver benefits for "citizens"" – that is people who run the risk of exclusion as a result of developments in this market place

24. With regard to the three regulatory approaches offered for discussion, we are pleased to see Ofcom discounting the option of across-the-board withdrawal of regulation. We view that as a wholly unacceptable option - the potential for market failure in areas where Competition Act remedies might not deliver timely and appropriately targeted solutions for consumers is too great.

25. In terms of the remaining two options, we understand why some argue for an Enterprise Act solution. After all, after 25 years of telecoms regulation BT still has 82% of the residential fixed line market[2] and 25% of households who have broadband use BT as their ISP. But we consider the Enterprise Act option to be one of last resort – whilst it may have intellectual attractions, the impact of a break-up on the massive BT consumer base would be disruptive and confusing on a scale beyond that observed in the energy and rail markets**.**

26. We therefore accept Ofcom's second option that an effective competitive framework and an environment where firms are willing to risk investment will only be established where there is equivalence i.e. access on equal terms to the BT network for competitors.

[2] This figure reflects all households with a BT line but does not take account of households who may have a BT line but use CPS

27. But, as we note above, successive Director Generals of Telecommunications have all attempted to deliver the competitive outcomes envisaged of equivalence with varying degrees of success. We therefore are not prepared to accept Ofcom's assurance that it will act forcefully to ensure genuine equivalence without a clear and measurable framework against which we can judge its success.

28. We will be looking to Ofcom to develop aggressive, time-specific indicators for the industry as a whole. We expect to see spelt out what are Ofcom's benchmarks for success over a two-year period in terms of increasing supplier choice, lower prices, new services, improved customer service, better access and services for people with disabilities? We also expect Ofcom to develop measures that reflects its impact on citizen interests.

29. We would also caution Ofcom to ensure that the principle of equivalence can be enshrined in the development of BT's 21CN. The advent of Next Generation Networks will be a catalyst to the telecommunications industry and to the economy as a whole. But how this will benefit consumers and small business is still a matter of debate as service providers wrestle with how to add value to their service offering. Whilst this is still in flux, BT must not be able to undermine the principle of equivalence through the introduction of their 21CN.

30. We know that delivery of equivalence will include an element of pragmatism. But this must not be at the expense of consumer protection. The removal or reduction of retail regulation should not take place until Ofcom can clearly demonstrate that equivalence is working through a transparent evaluation of its time-specific indicators.

Consumer empowerment

31. It is implicit in paragraph 5 above that the full benefits of competition will only be delivered when there is effective participation in the market by consumers. Without the demand 'pull' from consumers for lower prices, higher quality, new products and innovative services, and consumer behaviour that demonstrates willingness to switch from operators who do not meet those expectations, suppliers have little incentive to compete. This is a view which Ofcom also articulates in Section 9 of the Phase 2 document.

32. Yet whilst the centrality of consumers to a competitive market is recognised, the Phase 2 document actually pays little attention to the role which the regulator could play in achieving effective demand side activity. The vast majority of the analysis is directed to the range of measures at Ofcom's disposal to ensure that the most fertile environment for supply-side activity is created and appears to place very heavy reliance on the activities of a relatively small elite of leading edge, fully connected consumers to drive competition from the demand side.

33. We are concerned that Ofcom has focussed too little of its energies on the measures that need to be employed to foster widespread consumer empowerment. Assuming equivalence is achieved, consumers can look forward to even greater competition in the market with a greater number of suppliers and tariffs. But unless they are empowered to navigate their way through this more complex market environment there is a real possibility of confusion. Equally, if consumer spending on telecommunications services becomes a larger and more non-negotiable slice of total household spend i.e. it becomes essential to access basic citizenship services, the impact of this confusion could be significant financial loss.

34. We are strongly of the view therefore that Ofcom must develop its consumer protection and empowerment strategies to a similar level of sophistication as its strategies for regulation of the industry before implementing substantive regulatory change. We would expect that if an equivalent amount of Ofcom's energy can be directed to designing measures to increase consumer empowerment as has been directed to designing the necessary conditions for investment and innovation for suppliers, we will see a step-change in consumer behaviour which will be of enormous help to people in finding their way through the often bewildering range of choice in this market place.

35. The conclusion of this set of comments is that we believe Ofcom should devote resource in the next phase of its strategic work on telecoms to considering what it is trying to achieve for consumers; what it is trying to achieve for citizens; and how it will define and measure progress towards each of these objectives.

Exercising effective consumer choice – question 17

36. As we argued in our response to the Phase 1 consultation, the importance of the role consumer information can play in empowering consumers can not be over-stated. We are pleased with Ofcom's recognition in the Phase 2 document that "*informed consumers can make sense of the options available to them in increasingly competitive markets and can seek redress more effectively when things go wrong*". We also welcome the importance that Ofcom attaches to identifying information gaps that can lead to consumer detriment. Less impressive, however, is the approach that Ofcom has taken to developing its consumer information principles, and the pervading sense that any activity in this area is 'intervention'. (We would prefer to see Ofcom interpreting its role in this area as 'facilitation' (positive) rather than 'intervention' (negative). Terminology is important.)

37. Whilst the Consumer Panel was consulted during the development of the consumer information principles stated in the Phase 2 document, we were disappointed that they were not subject to wider consultation. We believe that these principles are just a component of a wider consumer empowerment strategy which must still be developed. This must forge links with on-going Ofcom initiatives such as the development of quality of service and comparable performance indicators, Ofcom's review of ADR schemes, on-going development of Codes of Practice and crucially Ofcom's strategy for media literacy. Until this happens, not only will the information available to consumers in this fast-moving and complex market be patchy and confusing – so will the regulator's approach.

38. We note that Ofcom has reviewed the activities of other sectoral regulators and observed that "*In general these regulators take a more direct approach than Ofcom to ensure that consumers find it easy to compare suppliers and to switch between them"*. Whilst we do not necessarily accept that what works in one sector necessarily works for another, we would have found it informative to understand why Ofcom so quickly discounts a more proactive approach in an area where there is real evidence of confusion. We look forward to a continuation of this discussion during Phase 3.

39. We offer the following comments in relation to the six options proposed by Ofcom to reduce search costs:

    a. **We could leave it to the market to provide enough information.**

i. We do agree with the document when it states: *"We do not believe at present that the market, left entirely to its own devices, will provide enough information in a sufficiently comparable format to facilitate consumers searching out alternative suppliers and switching between them".* The evidence for this is to be found in Ofcom's own consumer research – which suggests that whilst consumers don't always want *more* information, they do want *better* information. Quantity of information is therefore not necessarily the problem – quality, accessibility and intelligibility is.

b. **Ofcom could itself provide comparable price information and an online comparison tool.**

i. The consultation document acknowledges that: "*There are strong theoretical arguments why it might be appropriate for Ofcom to intervene in these areas.*" Ofcom notes that *"This approach would be consistent with that adopted by other sector regulators",* such as the simple 'low/medium/high user comparator service provided by Energywatch; but suggests that it may not be appropriate for itself to move in this direction because of *"the number of suppliers and wide range of packages and tariffs"* in the telecoms sector. We are aware, however, that telecoms regulators in some other countries have felt able to provide such consumer assistance e.g. Norway http://www.telepriser.no and Sweden http://hosting.ibitec.se/pts/Prices.aspx.

ii. It is of course the case that the UK is a larger and more complex market than those of Norway and Sweden but, if this is true for Ofcom, then it is even more true for British consumers. The proliferation and complexity of choice is not an argument against the provision of a price comparator service but precisely an argument for one. We think Ofcom should give consideration to the following arguments which set out the counter case. These include the good position that Ofcom would be in to collect such information because of its close and on-going relationship with providers; that consumers would find the information on the telecoms regulation site instead of having to search for it; that consumers would regard Ofcom as an independent and trusted source; and that Ofcom would be in a good position to encourage media coverage of new information on tariffs, thus bringing the information to the attention of those who do not have internet access.

iii. Although no evidence is offered for such a view, Ofcom states in its Phase 2 document that "*that this service can be offered more creatively and at lower cost by such third parties than by Ofcom itself*". We would be interested to explore with Ofcom whether there is a route to combining the benefits that Ofcom expects from third party provision and the confidence that we see provided by a regulator-backed service. For instance, could Ofcom sub-contract such a service to a third party who is subject to an Ofcom contract – in much the same way as TelecomsAdvice (a web-based information resource for small businesses www.telecomsadvice.org.uk) was historically supported by Oftel.

c. **Ofcom could instead simply promote the provision of basic information by accredited intermediaries.**

i. We do recognise that there are advantages to provision of information by either industry and/or intermediaries. These include dedicated focus on the task in hand, competition in service provision and the potential for more direct interaction with consumers i.e. if available at site of purchase. It is also an approach that our own research suggests would be more readily adopted by consumers themselves. Early indications from the Panel's own research suggest the regulator is not currently seen as a source of information when compared to friends and family, retailers and suppliers.

ii. But rather than the 'either/or' choice – either that Ofcom provides information or intermediaries do - we think that a genuinely more positive approach to switching by consumers will be achieved if there is activity in *both* of these areas.

d. **Ofcom could encourage a more responsible approach to service comparisons in advertising by providers.**

   i. This should be an intrinsic and on-going part of Ofcom's current regulatory approach, particularly bearing in mind its role in respect of the co-regulation of broadcast advertising and its role in relation to the prevention of misleading advertising. However, even before such information appears in media advertisements, there is a responsibility on suppliers to provide accurate and relevant information to their customers that will enable customers to have a proper understanding of the tariffs they are paying such that meaningful comparisons are possible.

e. **Ofcom could restrict the range of tariff packages and structures offered to customers in the market.**

   i. We would not favour this approach, since it would reduce choice and stifle innovation, both of which would be to the disadvantage of the customer. We note the work in financial services to make products more comparable but, in this industry, the potential consumer detriment is much greater than in telecoms and therefore the trade off between comparability and innovation is different.

f. **Service providers could make their bills easier to understand and to facilitate comparisons.**

   i. There is the potential for 'quick-wins' here and we would encourage Ofcom to develop co-regulatory initiatives to improve bill clarity and usefulness. Organisations such as the Plain English Campaign and the British Standards Institute, who we understand are working on a bill-format initiative, and consumer organisations would all be well-placed to offer advice on the sorts of changes that would be most beneficial to consumers.

   ii. Clarity of information is not the only way service providers can help to empower their customers; the type and amount of information could also be improved. For instance, we would like to see service providers providing their customers with more information of a relevant kind, such as how to make a complaint if there is a problem and how to go through the appropriate alternative dispute resolution procedure if the complaint is not handled by the supplier to the customer's satisfaction.

40. The document also outlines four options to make it easier for customers to switch between suppliers:

    a. **Ofcom could regulate retail switching costs so that they are low cost or even no cost.**

        i. It may be unreasonable and even inefficient to require that there is always nil cost associated with switching, but certainly we would want every reasonable effort to be made to ensure the minimum of costs in all switching processes.

        ii. We believe that there is more that could be done in this respect. For instance, in the mobile market the practice of SIM-locking seems to have come in for remarkably little regulatory attention. It is obviously a barrier to switching. It seems to us that it should at least be obligatory for suppliers to state clearly at the outset whether or not one's handset is SIM-locked and the terms and conditions for unlocking it. Indeed we would question whether it should it be permitted at all, on top of minimum contractual periods (or after a certain minimum term for prepay).

    b. **Ofcom could positively encourage switching and back this up with education materials.**

        i. We know that Ofcom already offers a certain amount of advice to consumers on switching on its website e.g. http://www.ofcom.org.uk/consumer_guides/ofw165/?a=87101. But in other sectors, the regulator has gone much further in positively encouraging switching, for instance the joint Ofgem/Energywatch Energy Smart campaign[3].

ii. We would very much welcome Ofcom running a campaign that highlighted that many telecoms customers could obtain a better deal if they switched tariffs with their current supplier or if they switched supplier. If nothing else, public announcements by Ofcom, speeches by Board members and senior officials could all adopt a more consumer-focused tone, positively encouraging consumers to look at the many ways they could reduce their communications costs.

c. **Ofcom could require suppliers to offer a service which encourages customer migration to cheaper tariff plans.**

i. We think customers would welcome suppliers offering such a service. The current arrangements require consumers to guess exactly what their usage patterns will be and therefore which tariff option would be cheapest and then to continue assessing their changing usage patterns and changing tariff options in order to decide whether it would be better to switch to an alternative tariff. It is unrealistic to expect most consumers to have this sort of knowledge and invest this sort of time.

ii. We are aware that some suppliers will advise a customer of a cheaper tariff if invited to comment on the customer's bill; this is helpful but could be much more proactive. For instance, suppliers could tell their consumers when their change in usage or the company's change in tariffs suggested that a better deal was available. This would reduce revenues from that customer in the short term but it would minimise the prospects of that consumer switching to another supplier, so that it would be in the financial interests of the company in the medium term. Such an approach might actually reduce the amount of switching, but this would not worry us. We do not support switching for its own sake. We

[3] http://www.energywatch.org.uk/help_and_advice/energysmart/index.asp

support the best deal for the customer – if the customer's existing provider can offer that, we are content; if such an approach resulted in less switching from the incumbent, then fine.

d. **Ofcom could encourage providers to reduce the complexity of the switching process.**

    i. If the complexity of switching processes can be reduced without compromising consumer protection, then we would support and encourage this.

Accessibility and intelligibility

41. Regardless of the regulatory approach ultimately adopted by Ofcom there will be a continuing need for effective dialogue with the full range of stakeholders throughout the implementation process. The Panel will be pressing Ofcom hard to ensure that these future debates are made as accessible as possible to consumers – including a greater emphasis on the consumer implications of seemingly industry focussed issues. For example, the absolutely crucial questions around geographic market definition and accompanying difference in regulation are presented in the Phase 2 document in a way which is not accessible to most consumers. We have collected a number of views from consumer stakeholders about the accessibility of this consultation document and we will be passing these on to Ofcom for its consideration.

42. On the issue of geographic de-averaging therefore we do not propose to offer comment until we clearly understand Ofcom's analysis from a consumer perspective. We suggest that it would be unwise of Ofcom to enter into the detail of debate with the industry until it is fully aware of the consumer view.

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