



Annual Plan Team, Strategy and Policy Team
Ofcom
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By email to Annualplan2019@ofcom.org.uk

Non-confidential version

8 February 2019

Dear Sharon

Consultation: Proposed Annual Plan 2019/20

First Utility welcomes the opportunity to respond to your Draft Plan.

First Utility entered the domestic energy market in 2008 as a challenger energy supplier and entered the broadband market as a re-seller in 2017. Today we are proud to have almost 60,000 broadband customers, alongside our c. 720, 000 energy customers. We ascribe our rapid growth in broadband customers to our fair and transparent prices, with no set-up fees and no end-of-contract price hikes.

With effect from March 2018, First Utility was bought by Shell, giving us a deeper opportunity to develop smart home propositions across energy, broadband, home management, electric vehicles and battery storage.

We set out below our high level comments on the Draft Plan:

1) Promoting competition and ensuring that markets work effectively for consumers

We support Ofcom's commitment to the universality of broadband, and in particular to the promotion of full fibre networks.

However, a key challenge will be ensuring that the switching processes can work across the various technologies, so that if a customer wants to move from BT Fibre to TalkTalk Fibre they do not have to have a second fibre line installed to the premises. If second lines need to be installed, it could be a barrier to switching at best or at worst, making customer acquisition very expensive, ultimately undermining competition. We would welcome discussion of these issues in the final version of the Annual Plan.



2) Improving quality for consumers, including communications

First Utility supports Ofcom's work on end-of-contract notifications for broadband, and we are eagerly awaiting the results of the recent consultation. Our own research suggested that 72% of consumers are out of contract and only 10% recall being alerted to their new, higher rates.

In energy, First Utility is required to notify our customers some 49 days before the end of a fixed term contract and from that point onwards the customer is able to switch provider without incurring any penalty. We believe similar action is needed in the broadband market.

3) Protecting consumers

We agree that broadband, like energy, is becoming an essential service, and support greater action from Ofcom to ensure customer communication is clear, transparent and frequent, and that vulnerable customers are identified and supported as required.

However, as home services become increasingly integrated, the fact the regulatory requirements for different customer groups vary significantly across energy and telecoms is becoming confusing for consumers and difficult for providers to implement. We would welcome the UK Regulators Network considering how these obligations could be made more coherent across different regulatory sectors.

In terms of additional protections, including price protection, we note Ofcom's proposed investigation into differential pricing across the broadband market, in particular the "loyalty premium". Unlike in energy, broadband products are not readily comparable: before any interventions in this area, we would welcome Ofcom defining clearly the harm it is trying to remedy and the scope of interventions and products therefore under consideration.

Additionally, whilst we do not support opaque end-of-contract hikes, keenly priced acquisition tariffs are an important tool for encouraging switching. It would be helpful for Ofcom as part of this review - and taking account of the specific harm or harms to be addressed - to consider the impact of the Energy Price Cap on both default tariffs and the acquisition tariffs offered in the market, as the widely expected result is that there will be a diminution of switching and of competition and whether a similar option is proportionate to addressing that harm or harms.

In conclusion, First Utility broadly welcomes the Draft Plan.

Yours sincerely

[not signed]

Natasha Hobday
Group Policy and Regulation Director