



Business, Energy, and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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[By e-mail]

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Dear Sir/Madam,

The role of third-party intermediaries in the energy retail market

As you may be aware, my Committee is currently conducting an inquiry into Energy pricing and the future of the retail market. I am writing to ask you some questions regarding the role of third-party intermediaries, including auto-switchers, in the collapse of the retail market by notably fuelling a race to the bottom on price.

Our evidence has shown that third-party intermediaries, and auto-switchers in particular, have played a major role in the retail market over the past few years, specifically as the driving force in the market has been a focus on competition through switching. At its peak, the largest auto-switching service alone reported over 500,000 users.

We have heard that most third-party intermediaries earned a commission from suppliers for switches, and in some cases, they encouraged customers to switch to the supplier that would pay them the highest commission. This enabled reckless suppliers to grow their customer bases rapidly whilst undercutting responsible suppliers on price. We have also heard concerns that third-party intermediaries only offered a handful of tariffs, took little account of individual consumers' needs, and a supplier's customer service.

We recognise that many auto-switchers, and third-party intermediaries, have stopped operating in the market due to very minimal switching taking place, but we also recognise that if market conditions were to improve, this could change rapidly. Third-party intermediaries remain unregulated, meaning there are no protections in place for customers or the market more generally, this is unacceptable.

I would be grateful for a response to the questions below by 24 June. Please ensure full answers to our questions. We reserve the right to call your organisation to Parliament should we require further information.

We may publish your response on our website.

1. How many customers have used your services in the past five years and what has been your analysis of how your services are used?
2. How much revenue did your organisation make from auto-switching for each of the last five financial years? Please itemise this against each supplier that used your service.
3. In your view, what role did third-party intermediaries, particularly auto-switchers, play in fuelling a race to the bottom?
4. Can you explain whether your business model is focused on chasing commission from suppliers or on consumers' needs and finding the best outcomes for the customers using your services? Should the commission that third-party intermediaries charge suppliers be regulated, and if so, how?
5. Should money made from switching commissions be recouped from auto-switchers to mitigate some of the cost exposure to consumers from supplier failures?
6. What regulations should be placed on third-party intermediaries to protect consumers?

Darren Jones

DARREN JONES MP
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COMMITTEE