

Competition

Household and business electricity and gas markets are open and competitive. Competition is increasing, with more suppliers vying for customers and reforms making it easier for customers to compare and choose deals and companies.

There are 24 suppliers in the household electricity and gas markets competing on service and price to win customers.

New rules will ensure the market is easy for customers to understand and customers are treated fairly.

According to Cornwall Energy, the household markets are seeing an erosion of major suppliers' shares. Small and medium sized suppliers now have around 1.5 million household electricity customer accounts, nearly 1.2 million household gas accounts and nearly 1.2 million household dual fuel accounts. The market shares of the small and medium sized suppliers are the highest they have ever been in the 15 years of competitive markets, and competition is continuing to increase.

This process is picking up pace - nearly a third of all the gas and electricity licence applications applied for and awarded by the industry regulator in the three years up to that date occurred in the six months to 31 October 2013. There were 40 applications for gas supply licences in this period and 56 applications for electricity supply licences; of these, 31 gas supply licences were awarded and 50 electricity supply licences were awarded.

In the non-domestic market, there are 24 suppliers for electricity and 18 for gas. The market share for the non-major suppliers is 19.2% for electricity (an increase from 14% in 2011) and 79.6% for gas (an increase from 73.5% in 2011).

The facts

► **Companies:** There are 24 different companies competing for household customers. They all offer different services and prices so customers should shop around for the deal which works best for them.

The number of companies offering dual fuel has increased from eight to 18 in the space of three years, increasing competition and offering customers more choice.

► **Switching:** Around 3.5 million customers switched supplier in 2013. On average around 250,000 customers switch electricity provider every month. Not only are lots of people switching but there has recently been a month on month increase in the number of people moving to smaller providers.

The industry is working hard with Government and the regulator to make switching quicker while still protecting customers' rights.

► **Transparency:** The industry is working to make it easy for customers to find and move to the best deal. New rules are helping this by:

- reducing the number of tariffs on offer;
- simplifying tariff structures; informing customers if there is a cheaper deal on offer; and
- automatically moving to the cheapest deal customers whose open-ended variable tariff is discontinued and a cheaper deal is available.

► **Competition in Europe:** The UK has lower average prices than many other EU countries the lowest domestic gas prices out of the EU 15 countries and domestic electricity prices that are the seventh lowest in the EU 28 on a Purchasing Power Standards (PPS) basis. The market share of each of the top three generators and suppliers is also smaller than in other EU countries, and there are more than 30 companies actively involved in trading electricity through exchanges.