

# It's right for switchers to get best deal, says Eon boss

Article by Emily  
Godsen, Energy  
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**Emily Godsen** Energy Editor

People who do not take the time to switch energy supplier deserve to pay more for their gas and electricity, Eon's UK chief executive has said.

Appearing before MPs on the business select committee, Michael Lewis was asked whether it was right that Greg Clark, who has said he is too busy to switch tariff, should be punished by paying hundreds of pounds a year more for his gas and electricity than a neighbour who did have the time.

Mr Lewis said: "I think it's right that somebody who engages with the market and searches for the product that's right for them gets a better deal than the person that doesn't."

Eon, part of the German group of the same name, is one of the "Big Six" suppliers that dominate Britain's energy market. The company supplies about 4 million households in the UK, with a 13 per cent share of the domestic electricity market and 11 per cent share of the gas market. More than two thirds of its customers are on its default standard variable tariff, which is significantly more expensive than the best deals in the market and £103 a year more than its own cheapest deal.

The government has said it will end "rip-off" energy prices by legislating to cap all standard tariffs, helping about 11 million households not already covered by existing price caps.

Mr Clark has argued that customers should not be punished for their "loyalty" and that the market should work for everyone, not just those who can shop around. He has claimed it is too much of a "hassle" for him to switch, despite the government spending years trying to encourage and simplify switching, and claiming it wants to preserve competition even with a price cap in place.

Mr Lewis said switching was not difficult or complex and that a customer wanting to change to its best deal need only call and ask. Eon supported an existing price cap for about four million households with pre-payment meters

and plans to extend it to at least a million other households, he said.

Richard Neudegg, head of regulation at the price comparison website Uswitch, said: "Energy companies will offer lower prices when they feel the pressure of competition and fear losing their customers. For Greg Clark to pretend that switching is a hassle when he has never even tried it borders on negligence as it actively discourages people from escaping poor value deals."

MPs on the business select committee, which is scrutinising the government's proposed price cap, also clashed with Mr Lewis and executives from Centrica, the owner of British Gas, and SSE, Britain's two biggest energy suppliers, over their efforts to get customers on to better deals. Rachel Reeves, the committee's chairwoman, repeatedly rebuked Sarwjit Sambhi, managing director of UK Home for Centrica, after he claimed that British Gas was ending its standard variable tariff and that it did not have the "opportunity" to prompt customers every month to switch.

In a heated exchange, Ms Reeves warned Mr Sambhi to be "careful" with his language, forcing him to concede that the company was only ending its standard tariff for new customers, not for millions of existing customers, and that nobody was preventing it alerting its customers to better deals more frequently. Ms Reeves said: "I would suggest the reason you don't do that is because you are quite happy to have 69 per cent of your customers on standard variable tariffs because that's where you make your profits."

Mr Sambhi insisted that was not the case and claimed customers would "not appreciate" such frequent contact unless it was part of a monthly billing cycle, although later said he would consider doing so. However, he also admitted that the company had not "done enough" over the past three years to engage customers on standard tariffs, and that moving customers off standard tariffs would limit its profitability.