

tonik

The positive energy club

16 million households pay over the odds for their energy bills with many on Standard Variable Tariffs (SVTs); usually the most expensive deals. Which? has declared a bold, but well needed challenge to energy companies: **do more to help your customers find better deals.**

Coupled with years of inflation-busting price hikes, dire customer service and falling levels of trust, Which? has dubbed this the industry's 'last chance saloon'. Energy companies must now explain how they will engage with customers to make sure customers are not being ripped off.

And this is our response.

Put simply, we couldn't agree more with this campaign. We always have. It is Tonik Energy's vision to halve its customers' energy bills within five years.

For years, traditional energy companies have made excessive profits from customer confusion. Complicated tariffs, complex pricing and convoluted renewals have all contributed to customer inertia, often disadvantaging the most vulnerable in society.

True to our vision, we will be introducing the technology that will help our customers understand usage, take control and genuinely save money. We don't want to profit from customers disengaging and rolling onto an overpriced SVT. We want to help our customers save energy but we can only do that if our customers are engaging with us.

Our promises to our customers.

We're pleased to say that we currently have no customers on our SVT.

Zero.

Our promises are aimed at keeping things this way.

Promise 1: Existing customers will always have access to the same tariffs as new customers.

No ifs, buts or maybes. All tariffs, always.

We also promise not to hide our best prices away or make it a 'jumping through hoops' exercise before customers, new and existing, can sign up. Just great tariffs, openly communicated and easily switched to within a couple of clicks. Simple.

Last November we launched a new promotional tariff which was beneficial to many of our existing customers. After contacting each and every customer directly, 53% switched to this better rate within two weeks – all through their online account, Tonik Space.

Promise 2: We will refund our customers the difference between our SVT and their chosen fixed rate if they switch within three months of their original tariff ending.

Renewing an energy tariff doesn't always come at a convenient time. Real life gets in the way.

To make sure our customers aren't penalised for missing a date, we will refund the difference between the SVT and their new fixed tariff. We'll do this automatically, and for up to 3 months after a customer's original fixed tariff ends¹.

At the time of writing, Tonik Energy is the only energy company to do this.

In addition, we provide plenty of warning and don't leave communications to the last minute. We give our customers every opportunity to switch to a new fixed tariff through three separate communications:

- **7 weeks prior to tariff ending:** email to explain what the customer could save by moving to a new fixed rate tariff.
- **3 weeks prior to tariff ending:** follow up 'reminder' email – an extra nudge to say that time is running out and it's time to switch.
- **2 days prior to tariff ending:** SMS text reminder – our final push to stop customers rolling onto our SVT.

Promise 3: We will make it as easy as possible for our customers to switch tariffs.

Two clicks. That’s all it takes for our existing customers to switch to a new tariff. By accessing Tonik Space, our secure online account management area, customers can switch in less than a minute. Available anywhere, anytime and on any device, Tonik Space is central to how we engage with and make life easier for our customers.

Our customers think so too; over 95% are signed up, active users.

Promise 4: Our pricing and product will always be transparent and fair.

We won’t baffle our customers with complicated communications and confusing tariffs. We’ve deliberately made our tariffs as clear as possible so customers, new and existing, know exactly what they’re getting.

We are pleased to say that at the time of writing, we offer one of the best value green tariffs on the market and one of the cheapest full stop. Our electricity is from 100% renewable sources and all of our tariffs are always available to all of our customers.

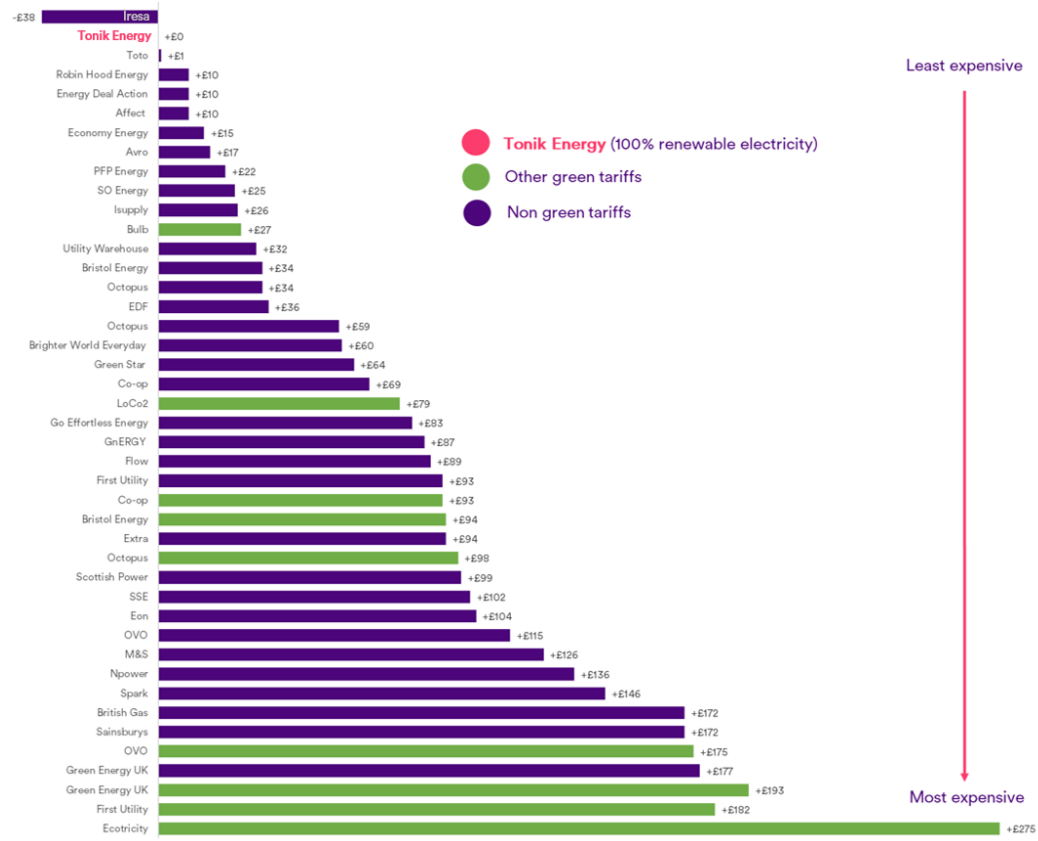


Figure 1. Quotes based on the average OFGEM annual consumption levels, and in the Merseyside and North Wales area. Accurate as of 25 January 2017.

In addition to competitive pricing, our customers will benefit from the following features:

- **No exit fees or minimum term:** we want our customers to stay with us because they want to, not because they have to. This also means no barriers to switching to a new tariff, regardless of how long a customer may have been on their existing tariff.
- **100% renewable electricity:** currently, we have one product and it's green. We don't think it's fair that customers have to choose between being 'green' and getting good value.
- **3% interest on credit balances²:** when our customers' accounts are in credit, we pay interest on the balance. We think that's pretty fair – and our customers do too. Right now, 3% is better than most banks!

Promise 5: We will constantly monitor our SVT to make sure it remains competitive.

We don't believe in inflated SVTs, so we constantly monitor network and wholesale costs to make sure our SVT is as competitive as it can be. What we actually want is for our customers to be on the best tariff for them; usually a cheaper fixed rate tariff.

But, we respect that from time to time our customers will value the flexibility that a variable tariff brings. That's why we'll always make sure our SVT is highly competitive.

Delivering the Promise.

As we grow, we'll be doing everything we can to make sure we honour our promises:

Minimising the % of customers on our SVT will be a company KPI

Minimising the number of customers on our SVT will be a KPI at all levels of our company. Not only will it be discussed at monthly board meetings, it will also form part of our weekly marketing meetings to review initiatives across new customer acquisition, engagement and retention. This is a process of continual optimisation with the aim of having amongst the fewest customers on SVTs in the industry.

Tonik Space feedback

Tonik Space is central to our customer engagement and key to the simplicity with which customers can select new tariffs. Therefore, we will be asking our customers to share their

experience of Tonik Space and to provide feedback by the end of April 2017. We will then assess and implement improvements based on these suggestions by the end of July 2017.

SVT customers will be contacted on a quarterly basis

Not to the point of annoyance but at quarterly intervals, as part of our overall marketing communications plan. We will be particularly vocal in the three-month period after a customer's fixed rate tariff has expired to ensure we maximise the number of customers on our most competitive tariffs. These communications will include:

- An alert via email within one week of a customer falling onto our SVT.
- An email at 5 and 10 weeks saying that time is running out to move onto a new fixed rate tariff and still receive a refund on the SVT.

Keeping everyone in the picture.

We are proud of the promises we are making here. After all, our customers are at the heart of Tonik Energy. In the interest of transparency, we will be sharing our promises and the progress we make in delivering them on our company website for all to see. As the drivers of this campaign, we will also be sharing our progress with Which?



Chris Russell.

Managing Director, Tonik Energy

31 January 2017

¹Refundable amount credited to the customer's account

² 3% interest is capped at £1000. Ts&Cs apply: see website