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Email to: CDconsultations@ofgem.gov.uk

Dear Jonathan,

Thank you for the opportunity to contribute in the active discussions related to the Microbusiness Strategic Review.

We embrace and support new propositions to enhance non-domestic customer experience of our industry.

Our full response is detailed below in relation to the consultation questions.

Question 1: Do you agree that 1 January 2022 represents an achievable start date for implementing a 14-day cooling-off period for microbusiness consumers?

Yü have held internal discussions regarding the proposed changes and are confident we will be able to implement the changes in our operational processes. We intend to conduct a full review of our documentation to support these changes and, subject to engagement of third party suppliers, anticipate we can ensure our compliance. However, the wider industry change programme is challenging and resources stretched. Experience suggests that change dates are too ambitious and are often subsequently delayed, impacting costs and customer experience. Given a likely decision date in Autumn '21, Yü Energy propose a date of 1st June 2021 for implementing the change to ensure a quality delivery.

Question 2: Do you agree that 1 January 2022 represents an achievable start date for fully implementing both the proposed supply licence obligation and the associated scheme needed to introduce independent dispute resolution for microbusinesses in dispute with a broker?

Logistically this obligation has consequences on the working practices and legal relationships of numerous external parties and therefore Yü can only offer opinion. There are several stages involved in the readiness of the above change, and a real risk they may take longer than expected. We are concerned with the lack of detail surrounding the proposed schemes and an apparent lack of governance (expanded in Q3).

Whilst a change of this nature should have a clear implementation date, we suggest it would be wise, for the same reasons set out in question 1 above, to set a date that provides greater confidence of a successful outcome. Yü Energy propose an implementation date of 1st January 2023.

Question 3: Do you have any other comments on our proposals?

Yü Energy supports the principles of the changes and clear rules on termination, renewal, rollover processes and contracting terms are welcome. We further believe the transparency with regards to some, often, hidden consumer cost is a well targeted intervention mirroring similar and successful precedents evident in other industries.

However, Yü Energy presents that the operational costs and effort required to implement change and manage their ongoing consequences are far too often under-estimated in what is a ruthlessly competitive industry. Too often change costs are pushed the way of suppliers who in turn have a choice of passing many small incremental costs to its customers or absorbing into margin. Ofgem have always acknowledged that too large a portion of customers are not engaged and therefore appreciate how difficult it is for suppliers to explain the costs of these interventions to our customers. Experience shows that the likely result will be an absorption of costs into the margin of the impacted businesses (certainly in the short term) and this simply increases the likelihood of supplier failure which is not in the interests of consumers and the wider industry.

In particular, Yü Energy is concerned about the 14 day cooling off proposal despite overwhelming majority of supplier voicing concerns. It is undeniable that such a proposal reduces the effectiveness of a suppliers hedging activity and creates new operational costs. Ofgem dismisses the hedging costs as immaterial but the study of market price volatility is outdated and that has been evident for some time. Furthermore, whilst we are fully supportive of rules to prevent mis-selling practices, the 14 day cooling off period is an inappropriate intervention if the aim is to address mis-selling. The technicalities of industry process mean that potentially >40% of microbusiness customers won't be able to use the protection, according to Ofgem's own data. Observations from wider practice in the field of misrepresentation legislation would have been more appropriate and could have been used. Furthermore, Yü Energy has concerns regarding the governance of any Alternative Dispute Resolution scheme(s). Yü has raised concerns with Ofgem previously about the governance of the existing Ombudsman Service managed scheme for suppliers and were met with apathy. We do not doubt the intention of implementation of this scheme(s) and are fully supportive of an ADR process, however any industry regulator has to be clear on its role in the governance process to ensure any scheme is efficient, as cost effective as possible and operates in accordance with a defined policy. Yü Energy has concerns that Ofgem's proposal is lacking that regard.

One minor final point; we wish to understand that Ofgem's intention is to include online comparison website brokerage costs in its definition. The commercial arrangements are typically different in this area and specific clarification would help the supplier.

Question 4: Do you have any comments on the draft supply licence conditions at Appendix 1 in this document?

Yü appreciates the opportunity to review draft conditions, however we must trust that Ofgem has the appropriate skill and experience in drafting its intentions into licence and has no further comments.