

Jonathan Blagrove
Microbusiness Strategic Review, Vulnerability and
Consumer Policy

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Sent by e-mail

Dear Jonathan

Microbusiness Strategic Review: Statutory Consultation to modify the SLCs of all gas and electricity supply licences

We welcome the opportunity to provide views on Ofgem's updated proposals for the microbusiness retail market. This response represents the views of SSE Business Energy (SSE Energy Supply Limited).

We welcome and support Ofgem's decision to descope some of its previous proposals concerning indirect regulation of TPIs via new supply licence obligations, in recognition that BEIS' wider review of TPI Regulation will seek to provide a broader, enduring solution for regulating TPI activity. We look forward to contributing to BEIS' future Call for Evidence on this topic.

We also support the introduction of most of these proposals and agree they have the potential to improve customer outcomes within the non-domestic market.

We do, however, have significant concerns regarding the proposal to introduce a variable cooling-off period and in relation to Ofgem's proposals to offer limited implementation windows. We raised these concerns both in our confidential response to Ofgem's RFI on implementation of a 14 day cooling-off period (March 2021) and in our recent bilateral meeting with the Ofgem Policy team regarding this Microbusiness Strategic Review Statutory Consultation (24.06.2021). Our detailed responses to each individual consultation question are included in Annex 1 (Confidential), however factors which we believe should be key to Ofgem's decision making on this topic are outlined below:

- 1. A variable cooling-off period will not lead to universally positive customer outcomes.**
Consumers have become accustomed to being able to exercise a universal 14-day cooling-off period, whether they are purchasing goods from Amazon, or services from their insurance provider or domestic energy supplier. This universal, easily understood right will be undermined by Ofgem's proposals leading to poor outcomes, in some cases, for consumers who enter a microbusiness contract in the belief that the cooling-off period will operate in the same way that they have been

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led to expect by every other interaction with a company offering a cooling-off period. As such the cooling-off period proposed for microbusiness consumers creates the perception that they are not being treated fairly, likely increasing complaints and undermining consumer confidence in the market and in competition. This goes against Ofgem's key principle of making it easier for consumers to make informed choices about their energy supply contract.

There is, as Ofgem recognises, an opportunity to introduce a universal 14 day cooling-off period at a suitable point following the introduction of Faster Switching. Whilst this would delay the introduction of the cooling-off period by contrast to Ofgem's proposal, it would unquestionably offer a better outcome for consumers. There is, therefore, a clear choice between delivering a remedy in the future that customers understand or introducing a second-choice remedy now on the basis that introducing something is better than nothing. We believe we should 'do this once but do it right' for consumers and implement the best remedy. We consider that the positive action taken by Ofgem to introduce greater commission transparency and dispute resolution for customers creates an environment where greater time can be taken to get the cooling-off remedy right first time. **We would urge Ofgem to deliver the best consumer experience by implementing this remedy at a suitable point following the Switching Programme 'go live'.**

2. **Suppliers, brokers and dispute resolution providers need to be given time to put in place compliant processes.** Industry parties recognise the responsibility that comes with operating in a regulated market place but Ofgem's proposals will fundamentally change how the market operates and, as a result, need to come with the appropriate lead time to ensure customer outcomes are positive from day one. Non-domestic only suppliers will need to create the functionality for cooling-off periods, and this is likely to require more time than that required by mixed suppliers. Furthermore, as Ofgem is aware, October and April – and the period leading up to this – are the busiest months for non-domestic suppliers due to these traditionally representing the periods of time when most contract activity occurs. Ofgem should also keep in mind the significant demands being placed upon the industry by the concurrent implementation of several large scale, complex, and interdependent programmes such as the Faster Switching Programme, Market-wide Half Hourly Settlement (MHHS), and the Targeted Charging Review (TCR) - all in ambitious timescales. **The benefits from each of Ofgem's proposals will endure for years to come and we therefore urge Ofgem to ensure implementation windows are sufficient to allow the industry to successfully implement these from day one. We have set out our views on implementation timelines in Annex 1.**

We would be happy to meet with Ofgem to discuss our response further. Please note that we consider the Annex to this letter to be **confidential**.

Yours sincerely,

Megan Coventry

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