



By email to: cdconsultations@ofgem.gov.uk

9th July 2021

Dear Jonathan Blagrove,

Re: SEUK Response to Ofgem's Statutory Consultation – Microbusiness Strategic Review

Shell Energy UK (SEUK) welcomes the opportunity to respond to this consultation. SEUK is a non-domestic energy supplier operating in the UK. Our current portfolio is made up of a combination of Microbusiness, Small to Medium Enterprises (SMEs) and Commercial & Industrial (C&I) customers. We are supportive of Ofgem's intention to increase the level of consumer protection, and promote choice, to the Microbusiness element of the non-domestic market. We do however have some specific concerns in relation to the timelines proposed.

Please see responses to the questions posed in the consultation:

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?

SEUK is supportive of the proposal for a 14-day cooling off period as outlined in the consultation. We appreciate the compromise that Ofgem has reached to enable its objective whilst recognising how a 'conventional' cooling off period (as per the domestic market) could be challenging to deliver.

Whilst we do not believe this will have a significant impact on our core systems we still need to design and implement additional processes to ensure that customers can notify us of their intention to cancel. As such, we consider that the current proposal of 1st January is challenging given the other significant industry change that is also currently planned or in train. We consider that suppliers require a minimum of six months to implement these changes once confirmed by Ofgem.

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?

In principle SEUK is supportive of the obligation to require Microbusiness brokers to participate in an Alternative Redress Scheme however, based on the limited practical undertakings on this matter to date, the proposed 1st January 2022 target feels unrealistic. We are supportive of Ofgem's intention to implement this at the earliest opportunity but recognise that this needs to be balanced with ensuring it does not have damaging unintentional consequences.

SEUK has attended a number of sessions with industry bodies that have identified a significant number of milestones that need to be achieved before this obligation can realistically be implemented. The two most significant of these challenges appear to be ensuring that suppliers can develop appropriate commercial terms (changes in contract) to require brokers to be part of an eligible scheme, and then assisting brokers with the understanding of these requirements. Both of these points require the operational practicalities of the scheme to be more developed than they currently are.

One idea raised during an industry session was the introduction of a sunrise clause. This could allow Ofgem to add the obligation to the licence in January but for it to not take effect for another six months (for example). We suggest that Ofgem continues to work closely with industry and the energy ombudsman to determine the appropriate timeline taking into account the significant work still to be undertaken.

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

SEUK welcomes the strengthening of the current obligations to ensure Microbusiness consumers are aware of their contractual principal terms. This includes the introduction of the broker commission and the new 14-day cooling off period within the principal terms.

We understand the drivers and motivations in relation to ensuring increased transparency of commissions in the broker market. We appreciate the compromise that has been reached and that this requirement is now only for inclusion of these costs within principal terms and when requested by the customer. We are supportive of this approach however, we consider the proposed timeline to be unrealistic.

SEUK recognises the benefit of introducing a cooling-off period for Microbusiness consumers. We appreciate the consideration to the wider industry changes, specifically Faster Switching, and consider the approach that has been taken to be a reasonable compromise. We recognise that the proposed approach could cause some consumer confusion however, we believe this can be mitigated with some well drafted communication.

SEUK is supportive of the requirement to prohibit the need for Microbusiness consumers to serve notice prior to a change of supply.

SEUK welcomes the intention of Ofgem to work with Citizens Advice to create new and updated information to ensure that Microbusiness consumers can access relevant information and boost their awareness of options within the energy market.

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

Other than the points raised in relation to timescales, specifically Broker ADR and a potential sun rise clause, we are comfortable that the proposed drafting is sufficient to meet the intention of the proposed changes.

Please do not hesitate to get in touch if you have any questions relating to this response.

Your sincerely,

Daniel Parry
Head of Regulation
SEUK