

Dear Jonathan,

We've been watching the developments/proposals made on the Microbusiness Strategic Review, and really welcome the introduction of regulation to protect businesses from some of the unscrupulous activities that some energy brokers engage in.

We wanted to give some specific feedback on the proposals and also make some suggestions that the final decision should cover to ensure businesses are protected and ethical brokers/suppliers are able to continue providing great customer service and value for money to their clients.

Clarification of micro business definition, who falls into the category of micro business and how the 14 day cooling off period will affect the price of large utility contracts: As you know, the definition of a micro business means a business only has to fulfil one of three criteria set by OFGEM. There are many businesses in the South West (and specifically Cornwall) that may have a large electricity supply (upwards of 1GWh), but do not have gas supplies, which means they would fall into the category of being a micro business by using less than 293,000 kWh of gas per year.

While this in one way is an advantage to these businesses as they will be given certain protections, we fear these businesses may end up paying large premiums on their large electricity supplies due to the 14 day cooling off period exposing the supplier to a fair amount of risk when agreeing these larger deals. This is something that we feel needs to be discussed thoroughly with suppliers to determine how they can manage the risk of a) buying electricity at the market price the day the contract is sold when the client could 'pull out' in the next 14 days or b) delay buying the electricity at market price and risk absorbing any fluctuations in the market (obviously this may be of benefit to suppliers in a bearish market, however the market has proven to largely be bullish particularly over the last 12 months).

We completely understand that the 14 day cooling off period is there to protect businesses who may be pressured into signing a deal and then later realise it was not a good deal – we completely agree with applying it to contracts that are under the consumptions defined in OFGEMs Micro Business definition. However it seems crazy to apply micro business terms to an electricity contract worth upwards of £1.5million – businesses like these do not want to be paying hefty premiums for a 14 day cooling off period. They are already putting in a lot of time, effort and due diligence before signing any contract to ensure they're getting the best deal possible, whether that be by taking the time to do the research themselves or by using an honest and ethical broker. These businesses will be extremely frustrated to see their energy costs increasing, bearing in mind they are currently seeing exponential increases when getting to the end of their contract already, due to the extremely volatile market at present.

We wanted to make you aware of these businesses that could 'fall between the cracks' so to speak, as this has the potential to hit them during an already difficult time.

We believe a good compromise would be that the contract is only be subject to micro business terms for the specific utility that it relates to. As in the above example, the £1.5million electricity contract would be classed as a non-micro business, and the same client if they did have a small gas supply under the threshold would be classed as micro, and therefore be afforded the respective rights and protections for the gas contract. Or perhaps the definitions need to be reviewed and tightened up to ensure clients don't fall into this bizarre situation.

Regards

Alastair Carnegie
Director



Total Energy Solutions
Higher Pempwell, Stoke Climsland, Cornwall, PL17 8LN

☎ 01579 370073

F 01579 552037

W www.totalenergysolutions.co.uk

🐦 [@TotalEnergySolu](https://twitter.com/TotalEnergySolu)  [TESinthecommunity](https://www.facebook.com/TEsinthecommunity)



WINNER
CORPORATE SOCIAL
RESPONSIBILITY AWARD