

# FEDERATION OF SMALL BUSINESSES

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Rachel Fletcher  
Consumer Markets  
Ofgem  
9 Millbank  
London SW1P 3GE

Ref: L16635

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Dear Rachel

## **NON DOMESTIC SUPPLY MARKET REVIEW CONSULTATION**

The Federation of Small Businesses (FSB) welcomes the opportunity of responding to the above named consultation document on behalf of its 190,000 members.

We trust that you will find our comments helpful and that they will be taken into consideration. The FSB is willing for this submission to be placed in the public domain. We would appreciate a copy of the synopsis of responses and of being kept apprised of further developments on this issue.

Yours sincerely

Nyree Connell  
**Policy Development Officer**



**RESPONSE FROM THE  
FEDERATION OF SMALL BUSINESSES (FSB)  
TO THE  
NON DOMESTIC SUPPLY MARKET REVIEW CONSULTATION**

## **Introduction**

The Federation of Small Businesses is the UK's leading non-party political lobbying group for UK small businesses existing to promote and protect the interests of all who own and or manage their own businesses.

With over 190,000 members, the FSB is also the largest organisation representing small and medium sized businesses in the UK.

## **Is there sufficient justification for the review?**

In terms of the questions posed in relation to the justification of this review; FSB very much supports this timely and important review of the non – domestic supply market. FSB has for some time highlighted that small businesses behave in a similar way to domestic energy users but do not enjoy the regulatory safeguards that domestic users receive and we have been concerned that the current debates have tended to focus solely on large users and domestic consumers. FSB joined with Energywatch to campaign on behalf of small businesses, as a direct result of concerns that there was a low level of awareness of the SME experience in the gas and electricity markets.

## **Which indicators should be the focus of the review?**

The FSB/Energywatch report 'Make the Connection', outlines key problem areas experienced by small businesses, some of which are mirrored in the list of 'competition indicators' outlined in the consultation letter. The following are the key indicators that we believe should form the focus of the review:

### Poor information to customers on prices or services

Many small businesses lack the expertise to negotiate contracts and, in the FSB view, are penalised by energy suppliers because of their limited purchasing power, relatively low energy consumption and unpredictability of their demand. Again, this highlights the need for a review to address the problems unique to small businesses, as they lack the expertise of large businesses and the regulatory protection afforded to domestic consumers.

### Poor quality of service

Small business can fall victim to heavy handed suppliers who exploit any lack of expertise and resources in handling complaints and disputes over billing issues. The use of call centres makes the process of dealing with a supplier doubly difficult due to the lack of access to senior management and the impersonal nature of these centres. Suppliers are also quick to resolve disputes by using bailiffs and similar methods to intimidate small businesses into settling an issue swiftly. The FSB would urge OFGEM to investigate these concerns as part of a full scale review.

### Impediments to switching supplier

Energywatch highlights that lack of supplier comparison data is a key problem area and anecdotal evidence from FSB members supports this assertion. Clear and accessible information is essential to ensure consumers can make informed choices.

The affordability of energy is a vital concern for businesses in the current climate and for small businesses in particular whose tight margins make fluctuating energy prices burdensome. We would urge then that the review places special emphasis on SMEs.

In conclusion, FSB is currently awaiting the results of our biennial membership survey 'Lifting the Barriers to Growth in UK Small Businesses' which will be published in March this year. As a result of increasing concerns raised by members, we posed a number of general questions on the small business experience in the energy market. FSB will be happy to share this data with OFGEM once it becomes available.

In light of the above issues and the additional areas raised by the Energywatch response, we would welcome an opportunity to meet with OFGEM to discuss the proposed review in more detail.