

20 January 2012

Louise van Rensburg
Retail Markets
Ofgem
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Dear Louise van Rensburg

The Retail Market Review: Non-Domestic Proposals
Response from the British Chambers of Commerce

ABOUT THE BCC

1. The British Chambers of Commerce (BCC) is an influential network of fifty-two Accredited Chambers across the UK. No other business organisation has the geographic spread or multi-size, multi-sector membership that characterises the Chamber Network. Every Chamber sits at the heart of its local business community, providing representation, services, information and guidance to member businesses and the wider local business community.

OVERVIEW

2. The BCC welcomes the opportunity to respond to the Ofgem consultation on the Retail Market Review Non-Domestic Proposals.
3. The level of protection for businesses in the energy market has long been a concern for our members. In comparison to the domestic sector the safeguards in place for businesses are relatively weak, even though smaller business customers in particular, engage in the energy market in a similar way to households.
4. Previous interventions by Ofgem, such as the introduction in January 2010 of the Standards Licence Condition 7A (SLC 7A), have improved the situation. However, these improvements have been

modest, and as they only apply to micro-businesses, small businesses failed to benefit from greater safeguards in their dealings with energy suppliers.

5. We believe that unless it can be demonstrated otherwise, all micro and small businesses should receive the same level of protection as domestic consumers.
6. Overall, we view the consultation proposals as a significant and positive step in the right direction.
7. It is important that Ofgem implements the proposals quickly so businesses can get the best possible deal for their energy supplies.
8. This consultation must not mark the end of Ofgem's attempts in improving the situation for businesses. We would like Ofgem to go further and extend measures of protection that do not currently apply to small businesses.
9. The BCC's response to some of the specific questions posed in the consultation document can be found below.

RESPONSES TO SPECIFIC QUESTIONS

Q1: OTHER ISSUES

10. While we welcome the recent progress made by energy suppliers on a self-regulatory approach to back-billing in the non-domestic market, we believe that Ofgem should have addressed the issue as part of this consultation.
11. Receiving unexpected bills after their energy charges were initially underestimated is the main energy market concern for many business customers. In 2010 Consumer Direct's helpline received over 1,800 complaints from micro-businesses in regards to back-billing, and 40% of all the complaints it received from small businesses about energy bills related to back-billing.
12. We would have liked to have seen Ofgem state that all energy suppliers should pledge to reduce backbilling for micro-businesses to one year and if the self-regulatory approach is not adhered to they will pursue regulation.
13. On backbilling, the consultation should have also set out Ofgem plans to ensure energy suppliers extend protection to all small businesses.

14. Small businesses have similar difficulties as domestic consumers in dealing with the complexity of tariffs. We believe that once the domestic tariff simplification proposals are in place they should be extended to the non-domestic sector and Ofgem should set out a clear timeframe for the extension.
15. Issues such as debt and disconnection are of concern to the non-domestic sector and we would like to see them addressed by Ofgem. Analysis suggests that suppliers show little sympathy for business debt cases in comparison to how they treat domestic customers.

Q2: OFGEM WEBSITE

16. The recent publication of the factsheets on switching and contracts are helpful and are of use to business customers. However, we have been told that the factsheets are difficult to locate on the Ofgem website and they should be placed in a more prominent position.
17. We would like to see the number of factsheets extended to cover all issues of concern. A frequently asked questions section would also be beneficial.

QUESTION 3: STANDARD LICENCE CONDITION 7A

18. We strongly support the proposal to extend the scope of the Standard Licence Condition 7A (SLC 7A) to include a wider business definition.
19. At the very least the SLC 7A should be extended to cover small businesses, as defined by the EU Commission.
20. It is our view that Ofgem should consider the extension to medium sized businesses as part of their ongoing review of the non-domestic retail market. While it is true that many businesses of this size have a better understanding of the energy market, they would welcome the greater clarity that would come with having clearer information about when their contracts are ending and what renewal options are open to them.
21. The extension of the SLC 7A on its own will not be enough. Enforcement is also extremely important. Ofgem must monitor the situation closely and ensure that all energy suppliers, both large and small, comply with any new regulations.

QUESTION 13: THIRD PARTY INTERMEDIARIES

22. We are supportive of Ofgem's three-pronged approach to tackle the third party intermediaries (TPIs) that have a negative impact on the energy market. In particular we support encouraging greater self-

regulation by TPIs. As Ofgem is responsible for regulating the energy market it makes sense that they have enforcement powers over TPIs, who are key players in the market. Therefore we believe that the Department for Business Innovation and Skills (BIS) should agree to Ofgem's recent request to have powers over TPIs for business activity.

23. While the majority of TPIs are honest and offer consumers a professional service there are a small number of TPIs that engage in negative practices such as mis-selling. The proposals in the consultation should raise standards and this would be beneficial not just to business customers but also to TPIs who often have to compete in the market with less reputable TPIs.

QUESTION 18: STANDARDS OF CONDUCT

24. We support expanding coverage of Standards of Conduct (SOC) and applying these provisions to all supplier interactions with business consumers, including large businesses. Making these best practice procedures enforceable will also improve their effectiveness and improve business confidence in the market.
25. However, it is important the Ofgem are careful to comply with their better regulation aims and not introduce overly burdensome requirements on suppliers.

CONCLUSION / CONTACT

26. We hope that the points raised in the above response are useful. If you would like to discuss any of our views please contact Tom Nolan in the first instance at t.nolan@britishchambers.org.uk or on 020 76545824.

Yours sincerely



Dr Adam Marshall

Director of Policy and External Affairs