



**15<sup>th</sup> February 2012**

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Dear Louise

**The Retail Market Review: Non-domestic Proposals**

Please find attached E.ON's response to the consultation.

We support the major features of the proposals which are to extend the protections in the licence provided to micro-businesses to small businesses and an accreditation scheme for TPIs. Improving customer trust in their energy supplier is fundamental to our Reset Review and we welcome an objective of fostering greater confidence, and hence engagement, amongst micro and small business.

We do not support extending these principles to cover large businesses. Larger businesses are sufficiently engaged and resourced to effectively manage their energy contracts and third parties without the assistance of the Regulator. Indeed intervention could have the unintended consequence of restricting the personal and often unique relationship between these informed customers and their suppliers.

We support the steps Ofgem are taking to ensure compliance with the objection process and to improve the clarity of objection communications. We propose that the integrity of the objection process be improved

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by some simple amendments to the change of the tenancy (CoT) flag on the loss notification flow:

1. The loss notification flow should be appended with the date of the CoT. This will have the twin effect of allowing the losing supplier to check the date relative to their contract start date and reduce the possibility of inadvertent or fraudulent use of the CoT flag by requiring the acquiring supplier to probe the information provided by their new customer more fully. We will shortly submit a modification to the Master Registration Agreement to propose this.
2. A change to the SLC 14 to make it an obligation on the acquiring supplier to use all reasonable steps to confirm that the CoT flag is applied correctly. We have drafted a change to the regulations (Attachment 3) to show how this could be affected.

The Retail Market Review is an opportunity to address some of the issues which have arisen following the introduction of the regulations implemented as part Energy Probe namely:

Definition of a Micro-business - We propose that Ofgem remove all reference to energy consumption in the definition of a micro-business for the purpose of SLC 7A . The capabilities of a business are determined by the resources available to it. It has little, if anything to do with their supply characteristics. Moreover, the current definition can include larger customers where they can have been deemed a micro-business by virtue of low consumption at a satellite site.

Regulations which apply where contracts don't include auto rollover terms - We request that Ofgem provide greater clarity within the regulations that where a supplier does not include the right to auto rollover in their contracts there is no requirement to follow the regulatory renewal process or hold an offer open for acceptance for 30 days. This would replace individual guidance previously given to E.ON.

Contractual changes on Change of Measurement Class

- We propose that Ofgem allow a micro-business contract to be terminated where a customer's supply characteristics change and half hourly metering is required.

We have set out our detailed proposals on these issues in our response.

We would welcome the opportunity to discuss any aspect of a response further.

Yours sincerely

Graham Kirby  
Retail Regulation Manager

## Consultation Response and Questions

### CHAPTER: One

*Question 1: Are there other key issues that we should be looking into in the non-domestic sector?*

No. The consultation covers the key issues in the non-domestic sector.

*Question 2: What would stakeholders like to see on our website to help business customers and support a competitive supply market?*

We propose that Ofgem includes a list of licensed non-domestic suppliers on their website. We are aware of at least one reseller (non-licensed supplier) trying to operate in the small business market (details can be provided if required) and there may be others. It is not straightforward for suppliers to distinguish multi-site customers from small suppliers.

In addition, once TPI Codes of Practice have been accredited we would welcome Ofgem detailing a list of accredited TPI Codes and which TPI's are party to them on their website.

### CHAPTER: Two

*Question 3: Do stakeholders agree with our proposals to extend the scope of SLC 7A to include a wider small business definition, and do you agree with our proposed definition?*

We support the principle of broadening the protection provided by SLC7A to small business customers. The Micro Business criteria of under 10 employees or €2M turnover are low in the context of understanding and negotiating potentially complex energy contracts.

Ofgem proposals with respect to the non-energy criteria mean that the business size threshold, will be five times the micro-business criteria. This will start to capture businesses not requiring regulatory protection, and potentially limit the products available to these businesses through the need to offer simple products and follow renewal regulations in particular; holding renewal offers open for 30 days. However, it does not seem justified to seek an intermediate definition.

We do not support the use of Profile Class in the

definition of Small Businesses. There is no advantage of simplicity. Customers will more easily recognise themselves by employee numbers or turnover than profile class. It can also have the unintended consequence of capturing large businesses with satellite small sites. We have a number of large businesses where we supply satellite sites which would be affected (names can be provided on request) and would be deemed Small Businesses by virtue of their profile class.

We also propose Ofgem takes the opportunity of changing the definition to remove the consumption thresholds in the the definition of Micro Business for the purposes of SLC 7A.

We acknowledge that this proposal will have no impact on the regulatory requirements around complaints handling however this could be addressed at a time of an amendment to the Consumers, Estate Agents and Redress Act.

***Question 4:*** *Do stakeholders foresee significant costs or complications if we were to introduce our proposals? If so, please provide details and cost estimates.*

In our SME business we see no significant costs or complications with the proposed extension of SLC 7A to Small Businesses as we deem all our customers as Micro Businesses and we would apply the same principle to these proposals.

In our Corporates business we currently have four customers who have identified themselves as Micro Businesses and fall within the protections of SLC 7A. Extending the coverage of SLC 7A will increase the number of businesses managed by our Corporates team, the extent that this will impose costs or complications depends upon the regulatory processes we need to apply. As our Corporates business does not auto renew contracts and conducts all sales in writing (where the customer receives all express contract information in advance of the sale) we don't anticipate we will need to introduce any major new IS systems.

We do, however, anticipate that we will operate two segments in our Corporate Business, a Small Business segment and a Large Business segment.

The small business segment will operate with fulfilment

and terms conditions which meet the regulatory requirements of "plain and intelligible" appropriate to this customer type. This material will not be appropriate to our larger customers as it could appear patronising, for instance. We will therefore use different fulfilment/terms for these customers.

In order to operate the two segments in our Corporates business we will need to identify our Small Business customers. We will ask each customer to declare in writing as part of the sales process or our renewal process that they don't meet each individual criteria of a Small Business. Where a customer is unable to sign this declaration we will supply them with fulfilment and terms and conditions appropriate to Small Businesses. By operating in this way we believe that the cost of implementing the proposals including new terms and conditions will be modest.

**Question 5:** *Do stakeholders agree with our estimates on the number of extra businesses covered by our proposed definition?*

It is difficult for us to identify from information we hold which of our non-domestic customers meet the definition of small business particularly where the business are not limited companies. We have made no assessment of overall size of the small business market so we are not able to comment your estimates.

**Question 6:** *Do stakeholders agree that we should review termination procedures and our current position that allows automatic rollovers?*

We believe that auto-rollovers meet customers' need for a simple renewal process, but in view of the importance of rollovers in the SME market support a review. The review should be based on customer feedback gained through a research programme. We operate both forms of contract renewal and are likely to have small businesses in both our SME and Corporates Businesses. We will commission research to gather small business customer views on auto rollover and termination arrangements to support the review. We will be pleased to share our research plans with Ofgem once they are formulated.

**Question 7:** *Are there other clauses that stakeholders believe we should be reviewing, in light of our expanded definition proposal?*

## **1. Regulations where contracts don't include auto rollover**

As Ofgem are aware we manage our non-domestic customers in two businesses segmented according to electricity metering type (half hourly or non-hourly) and annual gas consumption.

In our Corporates business (half hourly metered electricity customers and large annual gas customers) we offer fixed term contracts without auto rollover. At the end of the fixed term period customers who do not renew with us or switch supplier continue in their contract but pay extended contract rates.

Prior to the implementation of Energy Probe supply licence conditions we sought guidance from Ofgem as to the applicable regulations where a supplier's terms did not allow auto rollover. Ofgem's individual guidance is attached (Attachment 1) and it would seem appropriate to incorporate that guidance formally in a re-cut of the licence condition.

We have attached a modification to the regulation (Attachment 2) to show how this change could be implemented.

## **2. Change to the regulations where a change of metering measurement class is required**

We propose the definitions of Micro and Small Business's relate solely to criteria which are likely to be indicators of an organisation's capability to understand and negotiate complex energy contracts i.e. turnover/balance sheet total and number of employees. This would remove all references to electricity or gas consumption from both definitions.

However, if consumption is retained care is need that SLC 7A.3 does not lead to undue costs where consumption changes. An example is a change in customer's characteristics of electricity supply which require a change from non-half hourly to half hourly metering. The timing and its impact is difficult for a supplier to predict and can affect both the price of energy (volume and shape) and third party costs.

As Ofgem are aware through bi-lateral discussions, suppliers can incur significant additional third

party costs (typically £3k/annum based on previous case studies) and volume/shape risks (previous assessment £1k/annum) where a customer goes through a change of measurement class. Suppliers could mitigate the risks by additional checks at acquisition but in many cases the customer may not be aware of their supply characteristics and how it may change during the course of their contract.

The current regulation potentially allows a number of different treatments such as pass through of increased costs, adjustment of prices to reflect increases in third party costs or even application of pre-specified new prices in a meter change is required. However, we believe an equally equitable solution would be for the contract to be terminated allowing the customer to negotiate new terms with their current supplier or seek an alternative supplier.

We have attached a modification to the regulation (Attachment 2) to show how this change could be implemented.

### **3. Mutual variations to contracts**

A further change we propose is that the regulations specifically are amended to allow mutual variations to contracts. This would be in a similar manner to that proposed in the Domestic Retail Market Review. This will ensure that any unintended consequences of regulations on Micro Business Consumer Contracts (or Small Business Consumer Contracts if the RMR proposals are adopted) can be modified by agreement between the parties. This would allow, for instance that where a supplier has deemed all their customer contracts to be Micro Businesses Consumer Contracts it can accede to a request for a change to contract from a customer who subsequently identifies themselves as not a Micro Business.

## **CHAPTER: Three**

**Question 8:** *Do stakeholders agree with the conclusions we have drawn?*

We agree with Ofgem that there are a variety of issues with objections.

We agree that enforcement action should be taken against suppliers who increase distrust in the industry



through non compliant objection practices.

We accept that quality of the information provided to customers during the objection process can be improved.

We are considering the good practice examples proposed by Ofgem and intend to bring our communications to this standard where they fall short. These changes will require IS development so will take some time to implement.

**Question 9:** *Do stakeholders agree that we do not need to make changes to SLC 14 governing objections to supply transfer for non-domestic suppliers?*

No; please see our response to question 11 for a proposal relating to CoTs. We are also concerned at the win-back practice described in Para 3.22 and welcome Ofgem's continuing investigation. Analysis of the impacts of this practice will be relevant to the future review of auto-rollovers.

**Question 10:** *Do stakeholders believe that we should publish our data relating to supplier objections on a regular basis?*

We agree that data should be regularly published showing objection variance to the norm. This will draw attention to particular supplier's practices rather than the overall number of objections which may be quite high for legitimate reasons.

**Question 11:** *Are there other issues with the objections procedure, other than the obligations of the licence condition, which stakeholders consider need to be addressed?*

Over 20% of the loss notifications we receive are accompanied by a Change of Tenancy (CoT) flag. In our experience this flag can be applied incorrectly through either there being no genuine CoT or the CoT pre-dating the new contract. The use of the CoT flag varies markedly by supplier and is in some cases significantly higher than the average. Where the flag is being used inappropriately it provides an unfair advantage to some suppliers and customers, which increases costs to other suppliers and customers.

Two simple steps should be taken to address this issue.

1. The loss notification flow should be appended with

the date of the CoT. This will have the twin effect of allowing the losing supplier to check the date relative to their contract start date and reduce the possibility of inadvertent or fraudulent use of the CoT flag by requiring the acquiring supplier to get more information from their new customer. We will shortly submit a modification to the Master Registration Agreement to propose this.

2. A change to the SLC 14 to make it an obligation on the acquiring supplier to use all reasonable steps to confirm that the CoT flag is applied correctly. We have a draft change to the regulations (Attachment 3) to show how this could be affected.

**Question 12:** *Do suppliers who have voluntarily sent data have views on whether the data we currently ask for on a monthly basis needs to change and why?*

No changes proposed.

#### **CHAPTER: Four**

**Question 13:** *Do stakeholders agree that the introduction of a new supply licence condition focussed on sales activities is a suitable method to prevent harmful sales and marketing activities in the non-domestic sector?*

We believe that the licence condition should be targeted solely at the small and micro business sector where it is clear that the sales and marketing activities of some players in the market need to improve

However, we are concerned at the stretch Ofgem may place on the interpretation of this licence condition. For instance, in the Draft Impact Assessment document, it states on page 20

*"1.72 We intend that our proposals for complete, accurate and non-misleading information to be provided to customers will also have the **effect of requiring TPIs** to fully record their telephone conversations with consumers." (bolding added)*

It seems to us that telephone call recording is just one way of achieving the marketing objective in this area. It is not only the way. For instance, verification calls by either the supplier or the TPI could lead to the same outcome. Ofgem either needs to be more definitive in their requirements within the regulations or be prepared to issue guidance not only on the outcomes they are looking for from suppliers but also how on those outcomes are achieved.

It is not justified to introduce the licence condition in the large business sector. Much of this market operates through Account Managers building personal relationships with customers, which can involve many formal and informal interactions. Introducing the marketing licence condition could change the nature of that relationship to the detriment of the service offered to the customer. We don't accept, nor do Ofgem provide evidence, that this licence condition is required for larger businesses. Large businesses have the resources to assess information provided by suppliers/TPIs and will invariably follow their own assessment/governance procedures which will "weed out" any incomplete, inaccurate or misleading information. We don't believe that it would be consistent with better regulation principles for Ofgem to apply the proposed licence condition across the whole of the non-domestic market.

**Question 14:** *Do stakeholders agree that this licence condition is necessary if Ofgem decides not to proceed with its Standards of Conduct proposals?*

We agree that this licence condition is appropriate for the Micro and Small Business market if Ofgem decides not to proceed with its Standards of Conduct proposals.

**Question 15:** *Do stakeholders consider the introduction of an accreditation scheme for TPI Codes of Practice will reduce harmful TPI activities across the whole market?*

We support the introduction of an accreditation for TPI Codes of Practice in the Small Business market. We would prefer that there is only one so that there is consistency in the practices and procedures required of

TPIs and suppliers. Multiple codes could cause confusion leading to errors in application, will increase costs for both Suppliers and TPI's, and will potentially lead to duplication of complaint procedures leading to further confusion. As Ofgem are aware we are looking to implement our own code with TPIs during April. Whilst the code in its current form does not meet all the criteria in Ofgem's accreditation scheme we will work with other suppliers/TPIs to enhance the code during the coming months. If we are unable to progress a joint code in a reasonable time frame we will consider put forward our own code for accreditation.

We do not accept there is a need for any Codes of Practice for TPIs operating with larger businesses. For the reasons set out in our response to question 13, larger businesses are better able to manage their relationships with TPIs and do not need the additional safeguard of a Code of Practice with the bureaucracy and potential restriction on innovation that it brings for TPIs and suppliers.

We would suggest that suppliers address the key issues that Ofgem have identified by writing into contracts with TPIs operating in the Corporates market that they declare to their clients:

- that they are receiving a commission from us,
- the amount of the commission they will receive, if the customer requests it; and
- the list of suppliers that have sought quotes from.

**Question 16:** *What do stakeholders consider to be key criteria for an accreditation scheme for TPI Codes of Practice?*

We agree that Ofgem have identified the key criteria for an accreditation scheme. We don't agree, however that full call recording should be mandatory under the scheme. It is not proportionate, and also noteworthy that there would be no equivalent measures to help with compliance assurance for TPIs who sell face to face, for instance.

If, as we believe the objective of the accreditation scheme is to raise standards in the TPI market we believe that this can be done without full call recording. We note that Ofgem have highlighted a cost of £600 for the set up of call recording for a four

person office. We believe that this omits the full range of costs associated with call recording including storage, file management and data recovery. We also believe that the logistics of managing sub-agents working from home will add to the complexity of call recording and subsequent data retrieval.

If call recording is mandatory it could have unintended consequence of concentrating TPIs to a small number of large organisations to the detriment of customers. Our evidence (based on our complaints data) shows that smaller, independent TPI's in general have a better quality of sale than some larger TPI's. We believe that there are a number of ways to improving the quality of sales calls including verification calls by the principal TPI or even the Supplier. We would urge Ofgem to reconsider this criteria.

**Question 17:** *Do stakeholders believe it is necessary for TPIs to disclose their actual fee, or would making clear the fact that the customer is paying a fee for their services be sufficient?*

We think it is important that customers should be aware of the arrangements that TPIs operate under and this includes knowledge that the TPIs is being paid by the supplier and where the customer requests it, the full amount of the commission.

#### **CHAPTER: Five**

**Question 18:** *Do you feel the revised SOC's will help to achieve our objectives?*

We generally support the revised SoCS, but will give a fuller commentary in our response to the Domestic Market Review.

**Question 19:** *Do you agree that the SOC's should be in a licence condition and enforceable?*

We will address the issue of whether SOC's should be in a licence condition in our response to the Domestic Market Review.

**Question 20:** *Do you agree the revised SOC's should apply to all interactions between suppliers and consumers?*

We will address this question in our response to the Domestic Market Review.

**Question 21:** *Do you have information regarding potential costs this may impose on suppliers?*

Non-domestic customers are not a homogenised group. Businesses vary in a way that residential customers don't. Even if the application of the SOC is restricted to Small Businesses, customer requirements could differ. Products can vary significantly in the business sector. This could lead to increased costs. As Ofgem are aware we have different practices in SME business and Corporates businesses.

Ensuring that both businesses comply fully with the SOC C (iii)

*the licensee, its staff and any Representative:*

*.....*

*otherwise ensure that customer service arrangements and processes are complete, thorough, fit for purpose and transparent*

could potentially cause significant costs (£100ks) although without full analysis assessment it is impossible to quantify with any accuracy.

**Question 22:** *Do you think these proposals should apply to the whole non-domestic market, or only a sub-set of it, eg small businesses?*

As we have set out elsewhere in our response there is no compelling evidence that regulatory intervention is required in the large business market. Much of this market operates around individually negotiated bespoke contracts which can include bespoke service arrangements. Standards of Conduct are inherently incompatible with bespoke contracts because the standard of conduct expected by the customer will be determined by the contract. Where that supplier fails in their conduct large businesses are able to deal with these failures directly with the supplier or where the relationship totally breaks down have the resources to deal with redress through the legal system. In fact if Ofgem proceeds with its proposals the SOC it would be an unwarranted additional regulatory burden and could prove prejudicial to the legal process, in that they could be persuasive to a judge of the standard that was required even though a customer could have sought and paid for something else.

**Question 22:** Given your answers to the questions above, do we still need the licence changes proposed elsewhere in this document?

If the Standards of Conduct are implemented into the licence and enforceable it will be duplication to have a separate sales & marketing licence condition for micro and small businesses.

## Attachment 1

**Individual Guidance on applicable regulations where a contract does include a suppliers right to auto rollover**

**From:** Gosia Rees [Gosia.Rees@ofgem.gov.uk]  
**Sent:** 21 December 2009 09:41  
**To:** Russell, Steve  
**Cc:** Emma Kelso; Paul Huffer; Anna Pechlivanidou  
**Subject:** RE: Question on fixed term contracts

Hello Steve,

Following our telephone conversation last week afternoon, I wanted to put down in writing our thoughts related to your question below. Please be aware that we are happy to provide general advice on the interpretation of the SLC7A, but for any more specific or more detailed queries with regards to compliance to these conditions you should to seek independent legal advice.

*Question: do SLCs 7A.8 and 7A.10 apply to fixed term contracts which do not contain roll-over provisions?*

Ofgem's view is that SLCs 7A.8 and 7A.10 will not apply to contracts which do not contain roll-over provisions.

This is based on an assumption that:

- (a) at the end of the fixed-term period the supplier has no ability to extend the duration of the existing contract for a further fixed term period; and
- (b) once the fixed term period comes to an end the customer would:
  - (i) still be subject to the original contract (but not a further fixed term period); or
  - (ii) would be subject to a deemed contract.

We find it important to highlight that:

- should the original contract continue to apply (i.e. (b)(i)), we would view this as a contract extension at the end of the original fixed term period. Thereby suppliers still have to comply with 7A.7a to ensure that the customer is provided with all the express T&Cs (including the new rates and the arrangements for terminating the contract).
- Should the customer be subject to a Deemed contract (i.e. (b) (ii)) at the end of the fixed term contract, the supplier



must comply with SLC 7.7, thereby providing the Principal T&Cs that apply.

Finally, we wish to mention that if the contract terms in question were ever amended to provide for roll-over for fixed term periods, it would be necessary for any roll-over to comply with SLC 7A.13 (and therefore the requirements that relate to SLC 7A.7 and 7A.8).

I hope this is helpful.  
Kind regards,  
Gosia

**Gosia Rees**

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## Attachment 2 – Proposed Changes to SLC 7A

### Condition 7A. Supply to **Small Business Consumers**

#### Identification and treatment of **Small Business Consumers**

7A.1 If the licensee intends to:

- (a) enter into a Non-Domestic Supply Contract with a Customer;  
or
- (b) extend the duration of a Non-Domestic Supply Contract  
(including the duration of any fixed term period which may form  
part of a Contract of an indefinite length);

the licensee must either take all reasonable steps to identify whether that Non-Domestic Customer is a **Small Business Consumer**, or deem that Non-Domestic Customer to be a **Small Business Consumer**.

7A.2 Where any Contract or Contract extension as described in paragraph 7A.1 is entered into with a Non-Domestic Customer that has been identified as, or deemed to be, a **Small Business Consumer**, that Contract shall be a "**Small Business Consumer Contract**" for the purposes of this Condition.

7A.3 Except for the specific circumstance set out in 7A.3a, the licensee must not include a term in a **Small Business Consumer Contract** which enables it to terminate the Contract or apply different terms and conditions to that Contract during a fixed term period on the grounds that the Customer no longer satisfies the definition of **Small Business Consumer**.

7A.3a The licensee can include a term in a Small Business Consumer Contract which it enables it to terminate the Contract where a Non-Half Hourly Meter at premise requires to be changed to a Half Hourly Meter [new definition required] and a failure to change the metering would put the licensee in breach of an Industry Code [new definition required] ("the Condition"). Where a licensee includes such a term in their Small Business Consumer Contract it shall have no other recourse in their contracts where ever the Condition arises. Where the licensee invokes such a term it shall inform the Small Business Consumer in Writing of his right to change his Electricity Supplier.

#### Notification of **Small Business Consumer Contract terms and other information**

7A.4 Before the licensee enters into a **Small Business Consumer Contract**, it must take all reasonable steps to bring the following information to the attention of the **Small Business Consumer** and ensure that the information is communicated in plain and intelligible language:

(a) a statement to the effect that the licensee is seeking to enter into a legally binding Contract with the **Small** Business Consumer; and

(b) the Principal Terms of the proposed Contract.

7A.5 The licensee must ensure that all the express terms and conditions of a **Small** Business Consumer Contract are:

(a) set out in Writing; and

(b) drafted in plain and intelligible language.

7A.6 Where the licensee enters into, or extends the duration of, a **Small** Business Consumer Contract for a fixed term period and that Contract includes the right for the licensee to extend the duration for a further fixed term period, it must prepare a statement (hereafter referred to as a "Statement of Renewal Terms") which:

(a) is set out in Writing;

(b) is drafted in plain and intelligible language;

(c) displays the following information in a prominent manner:

(i) the date the fixed term period is due to end, or if that date is not ascertainable the duration of the fixed term period;

(ii) the Relevant Date, or if not known at the time of providing the Statement of Renewal Terms, a description of how the Relevant Date will be calculated by reference to the end of the fixed term period;

(iii) a statement to the effect that the **Small** Business Consumer may send a notification in Writing to the licensee at any time before the Relevant Date in order to prevent the licensee from extending the duration of the **Small** Business Consumer Contract for a further fixed term period;

(iv) a postal and Electronic Communication address to which the Customer may send a notification in Writing for that purpose; and

(v) a statement explaining the consequences of the **Small** Business Consumer not renewing the **Small** Business Consumer Contract or agreeing a new Contract before the Relevant Date.

7A.7 Where the licensee enters into or extends the duration (including the duration of any fixed term period) of a **Small** Business Consumer

Contract, it must take all reasonable steps to provide the **Small** Business Consumer with the following information within 10 days, or do so as soon as reasonably practicable thereafter:

- (a) a copy of all the express terms and conditions of the **Small** Business Consumer Contract; and
- (b) if the **Small** Business Consumer Contract contains a fixed term period, the Statement of Renewal Terms.

7A.8 Where the **Small** Business Consumer Contract includes the right for the licensee to extend the duration of a further fixed term period, on or about 30 days before the Relevant Date, the licensee must provide the **Small** Business Consumer with:

- (a) the Statement of Renewal Terms (unless the licensee has already prevented the **Small** Business Consumer from extending the duration of the **Small** Business Consumer Contract);
- (b) a copy of any relevant Principal Terms that might apply to the **Small** Business Consumer after the fixed term period of the **Small** Business Consumer Contract ends, including:
  - (i) terms that would apply in the event the Customer does nothing;
  - (ii) terms that would apply if the Customer sends (or has already sent) a notification in Writing before the Relevant Date to prevent renewal of the **Small** Business Consumer Contract but does not appoint another supplier.

7A.9 Where pursuant to paragraph 7A.8 the licensee is required to provide a **Small** Business Consumer with any relevant Principal Terms, it must ensure that the Principal Terms are:

- (a) set out in Writing; and
- (b) drafted in plain and intelligible language.

7A.10 Where pursuant to paragraph 7A.8(b) the licensee provides a **Small** Business Consumer with any offers of terms that relate to Charges for the Supply of Electricity, it must ensure that at least one offer is made in Writing which may be accepted at any time before the Relevant Date.

### **Length of notice periods in **Small** Business Consumer Contracts**

7A.11 The notice period for termination of a **Small** Business Consumer Contract must be no longer than 90 days.

7A.12 Paragraph 7A.11 is without prejudice to the licensee's ability to enter into a **Small** Business Consumer Contract with a Customer for a fixed term period which is longer than 90 days.

### **Extending the duration of **Small** Business Consumer Contracts**

7A.13 Where the licensee has entered into a **Small** Business Consumer Contract for a fixed term period, it may only extend the duration of that Contract for a further fixed term period if:

(a) The Small Business Consumer Contract includes a right for the licensee to extend the duration of that Contract for a further fixed term period

(b) it has complied with paragraphs 7A.7 and 7A.8;

(b) the **Small** Business Consumer has not sent the licensee a notification in Writing before the Relevant Date in order to prevent it from extending the duration of the **Small** Business Consumer Contract for a further fixed term period; and

(c) the duration of the further fixed term period is 12 months or less.

## **Attachment 3 – Proposed Changes to SLC 14**

New licence condition

### **Non-Domestic Customer transfer blocking**

14.1A The licensee must take all reasonable steps that any Notice submitted under the Master Registration Agreement to supply a Non-Domestic Customer at a Non-Domestic Premise is valid and accurate.