Louise van Rensburg
Retail Markets
Ofgem
9 Millbank
London
SW1P 3GE

Dear Louise,

Please find enclosed with this letter our response in relation to the Retail Market Review Non-Domestic Proposals issued by Ofgem on 23rd November 2011. While this document does not need to be treated as confidential we would appreciate notification if any of the content is going to be published.

Firstly may we take this opportunity to confirm our support for the aims of Ofgem in bringing the Retail Market Review: Non Domestic Proposals to the fore.

It is our belief that the non-domestic energy market is not currently functioning in a way that engenders trust from customers, nor encourages transparency from participants in the market.

The non-domestic energy market must quickly and effectively move to the most simple and transparent method of operation as soon as possible in order to build trust and provide a market that we can all be proud to be associated with. A draconian like solution will result in the stifling of innovation and development so to achieve our desired outcomes a balanced and effective solution is needed.

It is essential that the issues that are perceived to exist be quantified and that remedies are appropriately applied to improve the problem areas.

We must guard against any actions that will quickly blanket the non-domestic market in a state of decreased competition. Also we can not stress enough that the development of an uneven playing field for market participants must not be allowed to develop as this will lead to the detrimental impact on the customers experience. Equally as concerning would be to allow a half-baked outcome from this consultation leading to the retention of the status quo.

Over and above everything else we must remember that our success will be defined by our actions and how many more customers are happy to engage in the competitive non-domestic energy market trusting TPI's, suppliers and Ofgem alike.

Our key recommendations are as follows:

- The publication of contract end dates on all non-domestic invoices
- The universal application of all obligations
- The extension of SLC7A to all non-domestic customers
- The total ban on rollover contracts of any length for all non-domestic customers

- The mandating of the content and timescales for objection communication between the supplier and customer
- The extension of registration and objection windows to minimise the impact on customer experience of the objection closure
- The mandating of commission disclosure on request
- The implementation of a robust, enforceable and meaningful SOC on all non-domestic customer interactions
- The implementation of a universally applicable single, robust and enforceable Code of Practice
- The consideration of whether the best vehicle to deliver the intended aims is better served through an SLC or through a series of individual actions

If you wish further clarification around any of the information that has been provided in this response and supporting documentation please do contact us and we will support all we can.

Thank you once again for the opportunity to respond to this consultation document and we look forward to seeing the implementation of what we hope will be a balanced and effective set of proposals.

Yours sincerely,

James Constant

Managing Director
uSwitch for Business Limited

Executive Summary

Acknowledgment

We would like to thank Ofgem for the opportunity to provide consultative feedback regarding the Retail Market Review: Non-domestic Proposals

Our Approach

Our approach is one of dialogue, understanding but also frank and constructive comment. Our specific approach to the Retail Market Review: Non-domestic Proposals has been an over-arching call for quantification, simplicity and transparency. Each of these elements we see as essential to delivering the competitive market that non-domestic customers deserve.

Quantification – it is essential to understand the metrics behind the issues in order to focus attention on the most appropriate remedy

Simplicity – it is essential to ensure that the principle of any change is one of making things as simple as possible for the customer, supplier, TPI and regulator alike. There is already too much unnecessary, though well intended, bureaucracy that gets in the way of improving the experience of non-domestic customers. This review should be a catalyst for less not more complexity.

Transparency – the ultimate goal of this review must be improved transparency and increased non-domestic customer participation. Vested interests, however ingrained, should not get in the way of genuine market improvement

Overview

Our key recommendations are as follows:

- The publication of contract end dates on all non-domestic invoices
- The universal application of all obligations
- The extension of SLC7A to all non-domestic customers
- The total ban on rollover contracts of any length for all non-domestic customers
- The mandating of the content and timescales for objection communication between the supplier and customer
- The extension of registration and objection windows to minimise the impact on customer experience of the objection closure
- The mandating of commission disclosure on request
- The implementation of a robust, enforceable and meaningful SOC on all non-domestic customer interactions
- The implementation of a universally applicable single, robust and enforceable Code of Practice
- The consideration of whether the best vehicle to deliver the intended aims is better served through an SLC or through a series of individual actions

The non-domestic energy market must quickly and effectively move to the most simple and transparent method of operation as soon as possible. To achieve this a balanced and effective solution is needed.

It is essential that the issues that are perceived to exist be quantified and that remedies are appropriately applied to improve the problem areas.

We must guard against any actions that will quickly blanket the non-domestic market in a state of decreased competition. Neither can we allow a half-baked response leading to retention of the status quo.

Ofgem's actions should be focussed on bringing up the standard of underachievers or removing them from the market completely and not stifling the already limited competition that exists.

Indeed the most important focus for the RMR must be the end goal of a simpler, more transparent, more competitive and more effective market for non-domestic customers.

About

uSwitch for Business are a wholly owned subsidiary of Forward Internet Group Limited. Forward Internet Group own a series of consumer and business brands including Invisible Hand, Liberta and uSwitch all of which are focussed on providing customers with the control to get a better deal in their specific market.

uSwitch for Business naturally sits within this portfolio focussing on the business energy market and serving all-comers from the smallest micro business to the larger I&C customers. With a full panel of suppliers and a wide customer base uSwitch for Business is uniquely positioned for market commentary given the background of its leaders in new entrant suppliers ranging from Enron Direct to Gazprom Energy, deep experience in the domestic price comparison space and significant exposure to the insurance and communications industries. Our supply side insight greatly aids a balanced view of the market and promotes a pragmatic and constructive approach to tackling problems within the industry.

CHAPTER: One

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

We fundamentally believe that there is a need for the industry to look at the functioning of the non-domestic sector through a different context – one of simplicity & transparency – not just encouraging simplicity and transparency but rather mandating an approach that always must consider 'What is the simplest and most effective way to deliver the desired result whilst making the experience of non-domestic customers as simple and transparent as possible'

We believe that only with this approach overlain across the whole non-domestic sector will the market be able to operate in the optimum manner.

For too long the approach has been to overlay complexity on existing complexity without unravelling and replacing needless bureaucracy. This has led to real lost opportunities to improve the workings of the non-domestic market at the cost of unnecessary complication.

As a flag bearer for this fresh approach we would strongly recommend that suppliers be mandated to publish Contract End Dates on all non-domestic invoices.

The view must always be taken that if it is right for the customer then it is right for the market and those operating within the market will change their behaviour to succeed accordingly. This is one of the simplest solutions in a step towards greater transparency.

In the search for a market characterised by greater openness and transparency this is the simplest method to ensure disclosure of contract information and is the surest way to place the customer in control.

We recognise that there will be a common refrain from suppliers over the potential difficulties in getting systems to 'talk to one another' and the constraints that such legacy systems place on the free movement of data.

Whilst we have sympathy with the difficulties of data migration it is not acceptable to suggest that a supplier is unable to marry up a customer, their billing date and their contract end date. Indeed if this was to be the case, such a claim would lead one to question the ability for suppliers to effectively manage customer accounts and particularly their renewal options.

Clearly a significant concern for suppliers will be that such transparency of customer data may have implications on their business model by increasing the propensity of non-domestic switching. However the publishing of contract dates alone is not going to be such a catalyst, indeed it is simply the minimum level of data a customer would expect to made available to them and will as much enable timely renewal as potential switching.

There cannot be many reasoned arguments that would support the continued opaqueness in contract end dates.

For the customer the consequence will be a more informed position, better able to make a timely and advantageous contractual decision.

Furthermore an increasingly aware customer would be able to better negotiate a timely renewal and therefore minimise the number of passive, premium priced renewal contracts (or rollover contracts as they are colloquially known).

This cannot be bad news for non-domestic customers and ensures suppliers have the opportunity to both win new customers and retain existing customer through competitive offerings essential to a working market.

For the supplier the consequence will be two fold, one of potentially increased switching levels, surely a welcome characteristic of a competitive market? Given common consensus has the non-domestic switching rate below 15% of the market there is clearly room for increased propensity without endangering the continued existence of suppliers.

The second consequence will be a competitive push for suppliers to freshen up their offerings, improve their dealings with customers and win new found loyalty through quality products and service. Again this surely must be the minimum goal for suppliers and customers alike.

On a separate note, Ofgem should ensure they are clearly quantifying the perceived issue before fully considering the remedial options.

To date we have not seen this quantification and therefore are concerned that well intended solutions are in danger of not focussing on the true issues.

We strongly desire publication of the quantification of the extent of the issues being experienced in the TPI market.

We are particularly interested to understand more data behind the comment in 5.12 that 'we have targeted the proposal towards the harm we have found'.

If we are to find the right solution we need to understand the nature, depth and breadth of this harm.

Whilst we recognise that Ofgem do not have access to all complaints we believe their role should be as a catalyst to publish the data that initially prompted Consumer Focus to instigate the market review.

We see 3 clear benefits in doing this:

1) To focus the actions required to improve the functioning of the non-domestic market

In our opinion this can only be done by understanding:

- The number of TPI managed customer transfers over 'the period'
- The number of TPI complaints reported over 'the period'
- The propensity for complaints by organization

- The number of Supplier managed customer transfers over 'the period'
- The number of Supplier complaints reported over 'the period'
- The propensity for complaints by organization

Clearly there would be concerns of confidentiality from suppliers and TPIs alike publishing this data anonymously will at least aid the identification of the size, scope and subject of the issue.

2) To provide an accurate representation of the TPI market

In all the work undertaken thus far there has clearly been a difficulty in trying to summarise a heterogeneous TPI market into a simple sound bite categorisation, as is so often the wont of people.

This difficulty has led to lazy assumptions and a perpetuation of myths that does the industry no credit to continue to fuel. This lack of insight makes for a weak foundation of action.

The more we collectively understand the role and actions of TPIs in the market the more we will be able to focus efforts on resolving the specific issues and areas that are the cause of concern, TPI or otherwise.

3) To stimulate a proportionate response

Whilst the Cornwall Consulting / Consumer Focus 'Watching The Middlemen' report was well intended it stopped short of identifying the fundamental source of issues in the market and has allowed misconceptions to breed.

Unfortunately it is our opinion that some of these assumptions have heavily influenced the RMR proposals on the non-domestic market and as such are not providing either a true representation of TPIs involvement in the market, nor an acceptable remedy for the actions perpetrated by unscrupulous TPI where they exist.

Whilst we appreciate the intent of both Watching the Middlemen and the Non Domestic RMR they lay on some fundamental misassumptions which concerns us.

Overall it is difficult to see from the tone and voice of the review how as 4.5 states it would 'encourage business customers to explore their options'.

In truth, if read as fact, the review is more likely to put a non-domestic customer off exercising their right to negotiate a better deal given the supposed parlous state of the market.

This outcome would be bad for all concerned and we know far from Ofgem's intention.

In truth without quantification and identification there is a risk that we will collectively further disengage non-domestic customers from the market.

We simply cannot foresee any downside in making this data available; indeed we fundamentally believe it will embolden the will to get the right solution for the real problem.

The intended consequence of the above would be that we could expect that the outcome of such a review to deliver much needed insight into all sales channels that engage with non-domestic customers for the provision of energy. This should apply to TPI's and energy suppliers alike.

Taking an example from the domestic market. The online comparison services, which are generally perceived to add great value to the competitive nature of the domestic energy market, must be part of the Confidence Code in order to work with energy suppliers and in most cases this is a contractual stipulation.

However the suppliers themselves do not work to any set standards or guidelines and by their very nature do not give customers the best advice across a competitive market

Unfortunately this one-sided approach and lack of requirements upon suppliers has lead on numerous occasions to the suppliers using the code to manipulate TPIs and again not in the interests of the customer but purely to gain a commercial advantage.

Any rules of engagement should therefore be developed to support the non-domestic customer and must apply universally to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

As a result we strongly envisage that any Code must be a singular one, policed by Ofgem and covering all sales channels and all market participants where there is an interaction with a customer in relation to their energy contract.

CHAPTER: One

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

In truth we don't actually believe that many non-domestic customers would be naturally inclined to make use the Ofgem website, indeed there is a significant gap in the knowledge of and the role undertaken by Ofgem in the consciousness of UK businesses. Indeed trying to encourage visitors to the Ofgem website would require significant investment and we might be so bold to suggest that this money would be better spent elsewhere.

It may be that the Ofgem website remains a rarely used tool for non-domestic customers but that is not an excuse for not providing information in a clear, easy to find and easy to understand manner. The current incarnation of the Ofgem website fails to do this.

The most fundamental of change that needs to be made to the Ofgem website is to reflect our approach of transparency and simplicity… whether it be the printing of contract end dates on non-domestic customer invoices or a simple search tool on the Ofgem website which directs businesses to clear, contextual, plain English guides to the energy market and more specifically their rights, obligations and protections.

It must be a minimum goal of Ofgem as the industry regulator to provide non-domestic customers with access to:

- Energy contract guidelines
- Their right to information,
- Their right to switch,
- An ability to identify their supplier,
- And an ability to find their contract end date.

Furthermore the Ofgem website should list the approved market players – for instance everyone who sells for a supplier, whether a sales force directly or indirectly employed by a supplier, or an independent TPI, and who have been accredited under a single, universal, enforceable code.

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 encourage Ofgem to be more vigorous in ensuring supplier compliance with SLC7A.

However in keeping with our approach of simplicity and transparency, whilst widening the definition removes some of the clear anomalies, we believe that the artificial categorisation of a customer as micro-business, small business or any other definition is a root cause of customer confusion and Suppliers' failure to comply and as such we believe that this categorization requirement should be removed so that all non-domestic customers enjoy the benefit of SLC7A.

This action will ensure genuine transparency on contract end dates and renewal options for all businesses large or small. This in conjunction our call for contract end dates to be published on all non-domestic invoices will see customers strongly benefitting from a more transparent and competitive market.

The arguments against this are likely to be two fold

1) It is unnecessary for large I&C customers to be subject to such obligations and
2) a removal of such a demarcation between business types will lead to unconnected obligations being unnecessarily applied to customers for whom they were not intended.

Whilst we have sympathy with large I&C customers not necessarily needing or wanting plain English detail of their contract situation given their close monitoring and management of their commodity and contract it needs to be remembered that any customer SME or I&C can choose to ignore the data and protections provided by SLC7A, and can choose to tailor their specific energy contracting process to suit their particular commercial, strategic or financial needs.

To be clear similar to a minimum standard protocol for smart metering SLC7A should be the minimum data provision to all non-domestic customers, if they choose to add bells and whistles to the core provision then that should be their right.

Ofgem should also ensure that unnecessary protocols are not placed where they are not needed. The approach of laying a change over the top of a pre-existing change and compromising the ultimate solution cannot be allowed to continue. A pragmatic approach to repealing unnecessary protocols and unintended implications needs to be a core philosophy in any outcome of this review.

Furthermore our call for mandated publication of contract end dates on all non-domestic invoices should be included in the basic information provision obligation under SLC7A

CHAPTER: Two

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

Given the proposal to continue with an artificial demarcation between business types there will clearly be a consequence of costs resulting from suppliers needing to validate the 'status' and 'categorisation' of each non-domestic customer.

Whilst the change is intended to improve the experience for non-domestic customers it is difficult to see what positive cost impact an artificial categorisation will have. Indeed the increase in bureaucracy and supplier resource requirement must surely ultimately increase end user cost.

We believe that this categorization requirement should be removed so that all non-domestic customers enjoy the benefit of SLC7A.

By removing such an artificial definition the requirement to segment customer types is clearly rendered unnecessary, therefore logically there is no cost overhead associated with identifying and artificially segmenting a supplier's customer base.

Furthermore such an action would crucially enable the active participant in the energy market, be it the supplier, customer or TPI to get to the job in hand quicker, at a lower cost.

The view must always be taken that if it is right for the customer then it is right for the market and those operating within the market will change their behaviour to succeed accordingly. This is one of the simplest solutions in a step towards greater transparency.

CHAPTER: Two

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

Whilst we have no specific concern with this particular number we are of the strong opinion that this artificial categorisation is an unnecessary bureaucracy placed on the workings of the market and should be removed.

All non-domestic customers should be able to enjoy the benefit of a minimum standard of information required whether they are the largest I&C customer or the smallest SME business.

Furthermore we are concerned about the lack of transparent and consistent data held to represent the UK business population.

There is no strong connection between the data, definitions and analytical results held by BIS, the participants in our industry, be they suppliers or industry commentators, or the regulator. This means there are contradictory estimates of the size, scope and characteristics of the market. The artificial categorisation of small business adds further confusion to the mix.

This we believe is a major factor in the continued cause of a sub standard understanding of and service for non-domestic customers.

Whilst we wish to see any artificial distinction removed for the benefit of all, if a demarcation was maintained it must be, at the very least, reflective of BIS data.

We would strongly recommend any further audit on the energy industry's non-domestic customer base be undertaken in conjunction with BIS to ensure a single definition of the size, shape and scope of the market.

CHAPTER: Two

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

We believe 'Rollover' contracts should be banned from the non-domestic market, a customer should be free to inform their existing supplier of their intention to not accept a renewal contract at any point up to the end of their contract.

If a customer fails to make alternative contractual arrangements and remains 'out of contract' with that supplier they should be charged an appropriate market based rate with full disclosure from the supplier.

By providing the customer with total transparency of their contract conditions, contract end dates and contracting options through our calls for:

- the publication of contract end dates on all non-domestic invoices and
- the removal of the artificial demarcation under SLC7A the industry

the customer will be provided with the best protection to avoid such out of contract rates or similarly disadvantageous rollover rates.

The arguments against this from supply businesses will be many, this is understandable given the business model suppliers often adopt focus on competitive pricing for the few quality 'want-aways' and through the bare minimum communication of a renewal opportunity to the rump of their portfolio leaving unprompted customers to unwittingly rollover on highly profitable terms for the supplier.

There is however nothing acceptable about a market which is built to enshrine a suppliers right to stifle the pursuit of a competitive offering. Whether a supplier is one of the big 6 or the latest entrant it is unjustifiable to defend the existence of rollover contracts on the basis that they represent a good business model for 12 suppliers at the cost of 3 million businesses.

The argument that has been raised many times by many suppliers in defence of rollover contracts is wholesale market exposure.

This is overblown, however it's impact, though much smaller than the apocalyptic scenarios often painted by suppliers, needs to be addressed.

We believe that from a customer perspective the ideal solution is a 30 day 'rolling' rollover contract that for the avoidance of doubt can be exited at 30 days notice.

However from a supplier perspective this proposal signals one thing: market exposure risk.

Therefore in the interest of the market, the suppliers' ability to forecast and purchase accordingly and their ability to recover commensurate costs we propose that rollover contracts of any length should be banned.

Given our call for an approach of simplicity and transparency in the market through:

- Removal of the artificial demarcation of SLC7A and its application to all non-domestic customers
- Mandating the publishing of contract end dates on all non-domestic customer invoices

The customer, large I&C or small SME and everything in between, have equal access to regular information regarding their rights and obligations, with freedom to move at their contract end, provided with the data required to facilitate a customer centric renewal or a switching decision

The supplier, Big 6, growing supplier or independent supplier have no exposure to the wholesale market as customers who fail to renegotiate their contract or switch suppliers will be directly priced against the prevailing wholesale market on Out of Contract rates.

This approach, combined with the transparency of data and the consequence of inaction will

- encourage participation in the market,
- drive suppliers to be more proactive in offering competitive renewal terms and
- enable customers to make informed decisions on the best contract for them in a genuinely competitive market.

No amount of market mystique can disguise the urgent need for a more honest approach to contract management

CHAPTER: Two

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

In keeping with our approach of simplicity and transparency we believe that the artificial categorisation of a customer as micro-business, small business or any other definition is a root cause of customer confusion and Suppliers' failure to comply and as such we believe that this categorization requirement should be removed so that all non-domestic customers enjoy the benefit of SLC7A.

This action will ensure genuine transparency on contract end dates and renewal options for all businesses large or small. With customers further benefitting from our call for contract end dates to be published on all non-domestic invoices.

A consequence of this could be that under a strict interpretation of existing clauses, which have been designed solely for the benefit of a specific segment of the market, may unwittingly become applicable to areas where they are both inappropriate and unnecessary.

Therefore whilst we do not have specific opinion on which clauses require review we believe that such clauses should be reviewed to ensure consistency of intent.

What must not be allowed to happen is the continuing enshrinement of unnecessary bureaucracy, such as the demarcation of a small business definition, because the alternative of correlating additional clauses to read and be applied coherently to intended targets only is beyond the 'scope' of the proposal.

CHAPTER: Three

Question 8: Do stakeholders agree with the conclusions we have drawn in this chapter?

We broadly agree with the sentiment of the conclusions if not the conclusions themselves.

We agree that objections and more specifically transfer blocking are an issue in the non-domestic market. This is not a new issue and has brought considerable consequences for the smooth operation of the non-domestic market for some years.

This is caused by a fundamental flaw in the design of the objection handling process which stands out as a significant weakness of the business energy market and which leaves itself open to 'interpretation' by suppliers.

Whilst we recognise that the will is unlikely to be there from the regulator and industry participants to countenance a complete redesign we should take some time to consider how an unconstrained alternative could look.

The optimal resolution is to take the transfer and objection process out of the sight and control of suppliers, lodge customer terms and contracts with a central body that will process the application, and ensure any interruption to the transfer process is run on an independently arbitrated exception basis.

The current market operation is fundamentally flawed in that in every instance of switching it gives the incumbent supplier the opportunity (the industry termination flow) and the time (the objection period) to make a new offer to the customer at a point where the customer is clearly motivated to get the best deal for themselves, and who are also fully aware of the latest terms they are signing up to (given their desire to leave has led them to a negotiation and contract offer with a new supplier) and as a consequence are far more open to a 'beat the quote' offer.

Whilst establishing documentary evidence of such behaviour is notoriously difficult and whilst a casual observer might suggest that this is a great result as the 'customer wins', the truth is one customer wins, many customers pay.

The arguments against this from supply businesses will be many, this is understandable given the business model suppliers often adopt focus on competitive pricing for the few quality 'want-aways' and through the bare minimum communication of a renewal opportunity to the rump of their portfolio leaving unprompted customers to unwittingly rollover on highly profitable terms for the supplier.

No amount of tinkering will change this clear potential for unfair advantage the industry enshrines for the incumbent supplier. However in lieu of a complete redesign the onus therefore needs to be on greater policing and a series of constructive steps to optimise the current arrangements for the benefit of ALL customers.

Taking our recommended approach of simplicity and transparency:

- publishing contract end dates on all non-domestic invoices,
- removing the artificial business definition in SLC7A and applying it to all non-domestic businesses
- the total ban on rollover contracts

logically means that no termination notice is required as at the end of the contract the customer is out of contract, time to shop around for the best deal.

As a by-product this immediately rids the industry of (according to the data published in figure 3.1) the 33% of objections caused by the very existence of the termination notice requirement – whether submitted too early, too late or not at all.

In addition our call for contract end dates to be published on all non-domestic invoices and SLC7A to be extended to all non-domestic customers means that any customer who wishes to proactively manage their contract negotiation can do so in a timely and controlled manner.

The by product of this is that not only do customers gain the long needed transparency to make the market work more effectively they will also clearly see when their contract is up and will therefore only move in the appropriate window and as a consequence a further 48% of objections have now been prevented (according to the data published in figure 3.1) with only debt (15%) and related meters (4%) remain as understandable objection issues.

So simple steps to deliver significantly fewer objections, a smoother customer experience and all without the need to overhaul the industry codes and processes.

It is, however, not only the act of objection itself that is a barrier to competition and the smooth running of the transfer process.

The information flow between suppliers signifying an objection and the correspondence between the objecting supplier and the affected customer - if the latter is received at all, are rarely received timely. Studies have shown a concerning proportion of objections being raised at the very end of the objection window and objection notifications arriving with the customer long after the objection window has closed.

In addition to this incomplete and stuttering process the confined objection window provides little time for resolution, very often triggering the second objection window despite the potential for the issue to have been already resolved if supplier communication had been timely. The logical, and common, consequence of this is the intended start date being at risk of being missed even if the customer manages to resolve the issue with the supplier.

This cannot be acceptable in a market that purports to want greater customer engagement and an effective competitive environment.

Therefore to support the simple steps already outlined to overcome transfer blocking we also recommend the mandating of the objection information the supplier has to provide, to whom, how and within what timescales.

We would suggest it is reasonable to inform a customer of an action taken within 24 hours of that action occurring. As such we would propose the supplier should be obligated to

inform the customer of the objection within 24 hours detailing fully the reasons, remedies and implications.

For this to be effective it is incumbent on Ofgem to mandate the specific content and format of a supplier to customer objection notification including all applicable objection reasons and remedies and to publish an example on the Ofgem website for ease of reference by the customer with a clear guideline for how to overcome their objection and what the consequences of inaction will be.

In anticipation of the likely response from suppliers that 24 hours does not represent a workable timescale it would need to be understood why a dataflow trigger - the objection notification - could not instantly trigger an email to the affected customer.

Additionally in order to reduce the impact of the inappropriate use of the objection process, we recommend that the objection window should be extended to provide the customer with a genuine chance of resolving the issue with the supplier in sufficient time for their switch to occur at the expected point.

To supplement this increasing the lead-time to registration from the current 28 days would further encourage the non-domestic customers smooth and timely transfer between suppliers.

Clearly the more fundamental market re-design would prevent the need for these smaller changes however these changes have to be the realistic minimum delivered by Ofgem.

The likely objection from suppliers to these proposals will centre on the threat to their business models however in answer to those concerns the benefit will be that the balance of power will shift to the customer, suppliers will no longer be able to use the many to subsidise the few, fairer pricing will prevail, suppliers will have to work harder to retain and attract customers through pricing, service and innovation, new entrants will be encouraged, and market choice and trust in the industry will increase.

Clearly there are significant stakeholders that will be impacted by such a resolution however that must be a price worth paying the delivery of a truly free market.

The view must always be taken that if it is right for the customer then it is right for the market and those operating within the market will change their behaviour to succeed accordingly.

It is important to highlight however that the implications of the current objection arrangements go beyond that of the micro level issue of competitive offerings to individual customers, indeed they strike at the heart of macro picture of the non-domestic market.

Clearly a supplier faced with a ‘want-away’ business will work harder to use the tools at their disposal to keep the high credit rating, long established, strong consuming, and stable business in their portfolio. Conversely they will, understandably, exert less effort to retain the credit poor, unreliable payment, low usage business with an uncertain future.

As a consequence the latter customers are those which are ‘released’ for switching into the market and inevitably they become the constituent part of a new / growing / independent

supplier portfolio.

A portfolio laden with sub-standard customers is not a recipe for success, therefore the consequence is far greater than an individual's price, indeed the future of new entrant suppliers and the genuine competitiveness of the market are at risk under the current arrangements.

We believe Ofgem can take some very simple decisions, remove the complication, and deliver genuine market improvement.

It is difficult to understand how this cannot be in the interest of competition and a smoother running market for non-domestic customers

CHAPTER: Three

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?

For a smooth running competitive and fair non-domestic market it is essential as an absolute minimum for Ofgem to mandate the specific content and format of a supplier to customer objection notification including all applicable objection reasons and remedies and to publish an example on the Ofgem website for ease of reference by the customer with a clear guideline for how to overcome their objection and what the consequences of inaction will be.

In addition to this, the following simple steps must also be implemented:

- The contract end date published on every non-domestic customer invoice,
- The registration window and objection window increased to minimise the impact of objection,
- The extension SLC7A to be extended to all non-domestic customers
- The banning of roll-over contracts

It is difficult to understand how this cannot be in the interest of competition and a smoother running market for non-domestic customers

If this is best achieved by enshrining these elements into SLC14 then we fully support that way forward.

CHAPTER: Three

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

Whilst it is essential for Ofgem to have total clarity on who objects, how often, for what reason, in what timescale and the ultimate validity of the action we do not believe there is either a need nor a benefit to publish data so long as Ofgem and other relevant parties have access to that data, are auditing it against stringent criteria and taking action against the relevant supply licence where applicable.

The only point at which objection data should conceivably be published is in reference to enforcement action taken by Ofgem against a supplier.

CHAPTER: Three

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?

In addition to the cumulatively beneficial steps of:

- Publishing contract end dates on all non-domestic invoices
- Removing the artificial distinction of businesses in SLC7A and applying its principles to all non-domestic customers
- Banning roll-over contracts
- Mandating content and timescales for objection communication between supplier and customer
- Publishing the objection resolution path on Ofgem website
- Extending the registration and objection windows

We would strongly press for additional licence conditions defining

- The mandating of evidence in an objection dispute (including full supplier call recordings)
- The clear, auditable, remedial action placed upon a transgressing supplier
- The ultimate sanction of supply licence level action

Ofgem should also ensure that individual customers have a source of escalation where they have been disadvantaged by supplier misuse of the objections procedure and against which Ofgem, or an appropriate body, can launch an investigation.

These actions are simply essential if the market is seen to be genuinely intent on improving the competitive environment for and experience of the non-domestic customer. Failure to act would be inexcusable given the general awareness, and quantification, of this long term and sclerotic issue.

CHAPTER: Three

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?

We do not believe we are in a position to be able to comment on this particular question, however given the regular experience of transfer blocking felt by non-domestic customers it would seem prudent for Ofgem to require regular and comprehensive reporting of objection data to ensure resolution can be appropriately focussed.

CHAPTER: Four

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

Whilst we understand and have first hand experience of poor sales activities in the non-domestic market it is important to point out that these can and have been executed by suppliers as well as some TPIs.

It is in the interests of the non-domestic customer to have a competitive market in which they can place their trust and faith to deliver the most appropriate deal for their needs. This is not always the case, whether it is supplier rolling over a contract or a TPI working on behalf of a supplier aggressively selling an uncompetitive contract.

It is therefore essential that any new supply licence condition is equally applicable to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

A common standard is essential to ensure a fair market operation.

Furthermore it is essential that the proposed licence condition does not disproportionately disadvantage either suppliers or TPIs

TPIs are of critical importance to the effective running of the competitive market.

Whilst customer switching is commonplace in the I&C market it is far less so in the SME market and TPIs provide an invaluable service to time pressed business customers to help them make the most appropriate contractual decisions for their requirements.

Whether dealing with a big 6 supplier, new entrant supplier, growing supplier or indeed a niche provider, a good TPI will represent them all and illustrate clearly to the customer the relevant benefits and drawbacks of their options.

Happily the vast majority of TPIs provide a service such as this and for which the customer is pleased to have entered into a commercial arrangement to receive.

The ultimate arbiter of the value an industry participant brings can only be the customer themselves, it is of the utmost importance to the integrity of the energy industry that subjective, self serving decisions are not taken at the expense of delivering a fair, simple and transparent experience for all non-domestic customers.

Ultimately any decision must be taken in accurate perspective of the reality of the sales and marketing activities in the non-domestic sector.

As such we are concerned that the clear intent of focus is on the TPI and not the supplier and their direct or indirect sales departments.

It is essential that any SLC cover all non-domestic sales activities and not just those

undertaken by TPIs.

As a result 4.7a needs to be extended so that transparent dealings would obligate suppliers to make the customer aware that they only promote their own products, whilst a TPI may represent a wider range, in contrast a TPI would be required to make clear to the customer the range of the market they represent and in parallel to the supplier obligation make it absolutely clear to the customer if they represent just one supplier's product

With regards 4.7b there is a real danger that this becomes a TPI only clause, in fact it cannot be read as anything but that.

Any disclosure of a fee being due to a TPI from a supplier should not be misinterpreted as an additional cost on the customer's rate, however inviting it is to promote that idea.

The situation is somewhat more complex than that and as such it would prove inaccurate and misleading to a customer to in some way suggest that by not using a TPI the supplier would provide a price fully discounted of any lead generation fee.

Clearly it is commercially questionable whether this would be appropriate for a supplier, and the implementation of an approach whereby the supplier would need to reveal the cost of the channel used to source that lead would undoubtedly be met with supplier resistance therefore any implementation of 4.7b as it stands would be seriously misleading for the customer.

This is not to say we do not support some form of commission disclosure however it is unacceptable in its current form to be so subjective in its proposed application.

Under 4.7c the recording and retention of the full telephone conversation must be equally applicable to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

A two-tier quality and monitoring system must not be allowed to develop.

That leads us to the logical consequence of a universal application of obligations on all sales and marketing channels, be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer

If the issue driving the proposal for commission disclosure is the belief that TPIs increase the cost of energy for the client then that's one issue, however this in itself can be challenged by the service a TPI provides which is not only to provide the best available option for the customer but also to save the customer the time and hassle of negotiating their way through a myriad of options and complexities.

If the issue is suppliers are having their margins cut by the activities of a TPI that is a completely different, commercial issue and absolutely should not be allowed to influence any move to mandate commission disclosure or any other regulatory policy for that matter.

Ultimately TPIs are a marketing channel for suppliers, the risk associated with the acquisition of that customer is borne entirely by the TPI, and the suppliers' risk of cost of lead and acquisition is arbitrated away by the TPIs service.

Suppliers do not have that same benefit delivered to them by any other of their channels, indeed every acquisition route has a cost associated with it and the direct exposure the supplier has to lead generation and acquisition costs of non-TPI channels is significantly greater than their costs associated with TPI channels.

Therefore any move to mandate a form of commission disclosure on TPIs must be equally mandated on Suppliers who should be required to publish the cost associated with the particular acquisition route used to source a customer.

We are therefore supportive of disclosure of the cost of acquiring a non-domestic energy customer regardless of acquisition route. For the avoidance of doubt that could be via using a TPI, using an internal outbound sales force, broadcast media or any of the other routes to market utilised by suppliers to gain non-domestic customers.

We absolutely do not support a subjective mandating of the disclosure of the cost of acquisition for a single route to market

CHAPTER: Four

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

Whilst we understand and have first hand experience of poor sales activities in the non-domestic market it is important to point out that these can and have been executed by suppliers themselves as well as some TPIs.

It is in the interests of the non-domestic customer to have a competitive market in which they can place their trust and faith to deliver the most appropriate deal for their needs. This is not always the case, whether it is supplier rollover contracts or a TPI working on behalf of a supplier aggressively selling an uncompetitive contract.

It is therefore essential that any new supply licence condition is equally applicable to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

A common standard is essential to ensure a fair market operation.

Furthermore it is essential that the proposed licence condition does not disproportionately disadvantage either suppliers or TPIs

For this reason we support the concept of a Supply Licence Condition with a strong caveat that its obligations must apply universally to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

We do not see that there is a necessity for a SLC and SOC to co-exist, or indeed that one is interchangeable for the other. Rather the approach should be that the simplest, most effective remedy for the clearly identified issue should be implemented in an unprejudiced way applying universally to all sales and marketing channels. If this is better suited by a SLC without SOCs then that should be the avenue taken and vice versa.

CHAPTER: Four

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?

Whilst we understand and have first hand experience of poor sales activities in the non-domestic market it is important to point out that these can and have been executed by suppliers themselves as well as some TPIs.

It is in the interests of the non-domestic customer to have a competitive market in which they can place their trust and faith to deliver the most appropriate deal for their needs. This is not always the case, whether it is supplier rollover contracts or a TPI working on behalf of a supplier aggressively selling an uncompetitive contract.

It is therefore essential that any Code of Practice is equally applicable to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

A common standard is essential to ensure a fair market operation.

Furthermore it is essential that the Code of Practice does not disproportionately disadvantage either suppliers or TPIs

To this point we fundamentally believe that it would be wrong for Ofgem to sanction Codes of Practice that only apply to TPIs

In addition we strongly believe it would be wrong for Ofgem to sanction and administer multiple Codes of Practice that will be of significantly varying quality and intention.

We absolutely would not support such a haphazard approach.

On the contrary if a Code of Practice is the best way to achieve the clearly stated goals to remedy the clearly stated issues then there must be ONE code, administered and policed by Ofgem and applicable to all sales and marketing channels, be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

We cannot allow the implementation of multiple codes

Without a single mandated code the harmful activities by any miscreant, be they supplier or TPI, will simply appear elsewhere where a code is not applied

Taking an example from the domestic market. The online comparison services, which are generally perceived to add great value to the competitive nature of the domestic energy market, must be part of the Confidence Code in order to work with energy suppliers and in most cases this is a contractual stipulation.

However the suppliers themselves do not work to any set standards or guidelines and by their very nature do not give customers the best advice across a competitive market

Unfortunately this one-sided approach and lack of requirements upon suppliers has lead on numerous occasions to the suppliers using the code to manipulate TPIs and again not in the interests of the customer but purely to gain a commercial advantage.

Any rules of engagement should therefore be developed to support the non-domestic customer and must apply universally to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

As a result we strongly envisage that any Code must be a singular one, policed by Ofgem and covering all sales channels and all market participants where there is an interaction with a customer in relation to their energy contract.

Furthermore any code must be robustly enforced, as only then will its value be truly seen.

Ofgem must be the enforcer not the administrator.

CHAPTER: Four

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

Fundamentally, any code of practice must be applied to cover all interactions between a market participant and the non-domestic customer whether they are a TPI or supplier. Failure to follow this path will render the solution deployed weak, unenforceable and crucially will severely diminish the accessibility of a competitive market for non-domestic customers

Indeed to fail to create a universally applied, single code will compromise the market for the very same customers for which Ofgem is trying to improve conditions.

The simple criteria therefore is:

ONE scheme,
ONE code,
ONE accreditor,
ONE enforcer,
UNIVERSAL application

Furthermore failure to receive accreditation must mean failure to participate in the market and failure to abide by the accreditation means robust enforcement and risk to market participation, equally applicable to all sales and marketing channels be they directly employed by a supplier, working on behalf of a supplier or working on behalf of the customer.

A common standard and common enforcement must be applied to all.

There can be no valid argument for subjectively applied, varied quality, unenforceable, veneer codes that divert the focus of Ofgem from essential enforcement to pointless administration

CHAPTER: Four

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?

It is appropriate at this point to explore some of the misassumptions and misunderstandings that have built up around the subject of TPI commission.

A TPI is just another sales channel working on behalf of a supplier or suppliers, as such 'commission' should more correctly be viewed as a 'cost of acquisition' that is the inherent nature of any new business channel employed by a supplier.

Leaving aside the relative merits of a TPI representing a single supplier versus representing a full panel; there is commonality in the structure of commission payments.

In all instances it is the supplier who sets the parameters for commission, not the TPI

Suppliers effectively create a shopping list of customers they want and a price they are willing to pay for them

This price is dependent on any or all of the following:

- business type,
- credit score,
- volume,
- region,
- metering system,
- profile,

Each supplier has a desired portfolio mix and hold clarity over the value they place on acquiring a customer with a proscribed set of characteristics.

It is often, if not always, the case that new business acquisition via the TPI channel is more cost effective than any alternative new business direct marketing activity for the supplier.

As such suppliers will adjust their 'price list' accordingly to get exactly the customers they want, some go to the extent of complete segregation between those customers they are willing to pay for (and how much) and those who under no circumstances would they pay for or wish to supply.

Commission itself comes in two different formats, the simplest is an introductory fee for a customer that fits a proscribed criteria. This can be paid in full once the customer is 'live' with the supplier or may be split over anniversaries. The same customer could attract a commission for the TPI of anything between £5 and £100 depending on the supplier and the value they individually place on it.

The second commission format is uplift, this is open to greater flexibility by the TPI, but ultimately the TPI can only charge what the supplier deems acceptable for that customer's

criteria.

A typical customer could attract a commission uplift parameter from 0.1p/kWh to 0.5p/kWh, a band within which the supplier is willing to pay commission as long as the TPI delivers a customer fitting their criteria.

In both methodologies, introductory fee and uplift, the supplier 'shopping list' and 'price list' principles apply.

It is therefore a misnomer to talk of and treat TPI commission as a fiefdom of the TPI. It is equally incumbent on the supplier to keep control of their parameters as it is for TPIs to sensibly optimise use of those parameters.

With regards disclosure further clarification is required given that there are numerous levels of disclosure and as a result an equal number of potential contraventions of any final policy:

- A policy of non disclosure
- A policy of disclosure on request
- A policy of full disclosure
- A policy of disclosure & misrepresentation
- A mandating of full disclosure

Clearly the most heinous of offences here is undertaking a policy of disclosure and misrepresenting the truth, this is amply covered under the jurisdiction of Trading Standards and therefore no action is required from the industry regulator, albeit that the requirement for hard evidence would be challenging without supplier disclosure which the regulator would be expected to push for.

Of the remaining 'options' our preference and the one we have employed within our own code of conduct since inception is that TPIs should be willing to disclose the existence of fees and the size of the actual fee to their client where the client specifically requests that information. This should be provided in a timely and documented manner.

The further step to mandating disclosure would serve little purpose other than to expose the value placed on the customer by the supplier.

If the issue driving the proposal for commission disclosure is the belief that TPIs increase the cost of energy for the client then that's one issue, however this in itself can be challenged by the service a TPI provides which is not only to provide the best available option for the customer but also to save the customer the time and hassle of negotiating their way through a myriad of options and complexities.

If the issue is suppliers are having their margins cut by the activities of a TPI that is a completely different, commercial issue and absolutely should not be allowed to influence any move towards mandated commission disclosure or any other regulatory policy for that matter.

Ultimately TPIs are a marketing channel for suppliers, the cost risk associated with the acquisition of that customer is borne entirely by the TPI, the suppliers risk around cost of lead and acquisition is arbitrated away by the TPIs service. Indeed the supplier, as explained

above, will only pay what they are willing to pay for that acquisition so absolute certainty of cost of sales is theirs in utilising the TPI channel.

Suppliers do not have that same benefit delivered to them by any of their other channels, indeed every acquisition route has a cost associated with it and the direct exposure the supplier has to lead generation and acquisition costs of non-TPI channels is significantly greater than TPI channels.

Therefore any move to mandate a form of commission disclosure on TPIs must be equally mandated on Suppliers who should be required to publish the cost associated with the particular acquisition route used to source a customer.

We are therefore supportive of disclosure of the cost of acquiring a non-domestic energy customer regardless of acquisition route. For the avoidance of doubt that could be via using a TPI, using an internal outbound sales force, broadcast media or any of the other routes to market utilised by suppliers to gain non-domestic customers.

We absolutely do not support a subjective mandating of the disclosure of the cost of acquisition for a single route to market

CHAPTER: Five

Question 18: Do you consider the revised SOCs will help to achieve our objectives?

Whilst we understand and have first hand experience of poor sales activities in the non-domestic market it is important to point out that these can and have been executed by suppliers themselves as well as some TPIs.

It is in the interests of the non-domestic customer to have a competitive market in which they can place their trust and faith to deliver the most appropriate deal for their needs. This is not always the case, whether it is supplier rollover contracts or a TPI working on behalf of a supplier aggressively selling an uncompetitive contract.

It is therefore pleasing to see that the proposed SOCs are designed to be equally applicable to directly and indirectly employed supplier sales forces as well as by extension TPIs.

A common standard is essential to ensure fair market operation.

The content of the proposed SOCs themselves in our opinion are the bare minimum required and merely succeed in setting a wide and loose framework within which Suppliers and their representatives need to operate.

Whilst this is not a detrimental move it is clear that there isn't any need for plain, intelligible language if the information being mandated within the SOC is the publishing of Contract End Dates on all customer communications.

So the issue is not the existence or otherwise of an SOC but the robustness of content and enforceability.

The setting of a framework alone will be insufficient in achieving the aims and the proposed SOC will be a lost opportunity without robust mandating of what a customer can expect when and how and what their rights are when this service is not met.

CHAPTER: Five

Question 19: Do you agree that the SOCs should be in a licence condition and enforceable?

We do not see that there is a necessity for a SLC and SOC to co-exist, or indeed that one is interchangeable for the other. Rather the approach should be that the simplest, most effective remedy for the clearly identified issues should be implemented in an unprejudiced way applying universally to all sales and marketing channels. If this is better suited by a SLC without SOCs then that should be the avenue taken and vice versa.

However if the route taken is the latter it makes logical sense that SOCs are robustly enforced, it is difficult to see however how this can be achieved in the SOCs current format given these are in our opinion the bare minimum required and merely set a wide and loose framework within which Suppliers and their representatives need to operate. A stronger route to enforceability will come from clearly mandating what a customer can expect when and how and what their rights are when this service is not met.

Whilst we understand and have first hand experience of poor sales activities in the non-domestic market it is important to point out that these can and have been executed by suppliers themselves as well as some TPIs.

It is in the interests of the non-domestic customer to have a competitive market in which they can place their trust and faith to deliver the most appropriate deal for their needs. This is not always the case, whether it is supplier rollover contracts or a TPI working on behalf of a supplier aggressively selling an uncompetitive contract.

It is therefore pleasing to see that the proposed SOCs are designed to be equally applicable to directly and indirectly employed supplier sales forces as well as by extension TPIs.

A common standard is essential to ensure fair market operation.

It is however essential that the existence of SOCs does not give undue power to any market participant, specifically it is of potential concern that the logical extension of the existence of SOCs could lead to abuse by vested interests to marginalise the TPI market under the auspices of TPIs being subject to 'tarring with the same brush'.

In the same way that it is a myth that all suppliers are the same it is equally incontrovertible that TPIs are not all the same either in their business model or ethical behaviour.

As a point of clarity it is important to outline these distinctions clearly:

- Large, 'traditional' brokers focussing on the I&C market, with direct relationships to the customer, tendering contracts to suppliers, providing 'consultancy' services and flexible contract options
- Smaller 'traditional' brokerage business focussing on the lower I&C, higher SME market building relationships with customers and tendering contracts to suppliers
- Full panel brokers holding all supplier relationships and providing a 'matchmaking' service to SME and low I&C customers

- Partial panel brokers providing a 'matchmaking' service to SME and low I&C customers
- Outbound brokers working a telesales operation on behalf of some but not all suppliers
- Umbrella brokers, holding the supplier relationships, but aggregating the sales of many unaffiliated, semi or sometimes unqualified brokers
- New business / Mover 'Agents' working a telesales operation on behalf of one or two suppliers

There is no agreed terminology to describe any one of these activities… brokers, consultants, TPIs, intermediaries, price comparison websites, agents…all are used, however to try and do so is a futile exercise of no benefit to the improved operation of the market.

Rather the fundamental understanding that needs to be taken from this is that a TPI can take many forms and no one route to market strategy is necessarily a passport to wrongdoing.

It is essential as such that greater awareness of TPIs and a balanced view of TPIs is fostered within the industry in the same way as people implicitly understand that directly employed supplier sales staff can vary in quality and the fundamental processes executed vary widely between suppliers and between channels within suppliers.

As a result the SOCs, developed to mandate what a customer can expect when and how and what their rights are when this service is not met, and applied universally can be a force for good in the industry. If the most effective way of delivering this is within an SLC with robust enforcement then we fully support that move.

CHAPTER: Five

Question 20: Do you agree the revised SOCs should apply to all interactions between suppliers and consumers?

Whilst we understand and have first hand experience of poor sales activities in the non-domestic market it is important to point out that these can and have been executed by suppliers themselves as well as some TPIs.

It is in the interests of the non-domestic customer to have a competitive market in which they can place their trust and faith to deliver the most appropriate deal for their needs. This is not always the case, whether it is supplier rollover contracts or a TPI working on behalf of a supplier aggressively selling an uncompetitive contract.

It is therefore pleasing to see that the proposed SOCs are designed to be equally applicable to directly and indirectly employed supplier sales forces as well as by extension TPIs.

A common standard is essential to ensure fair market operation.

However SOCs must not be a wide and loose framework within which Suppliers and their representatives need to operate and instead need to be robustly enforced rules clearly mandating what a customer can expect when and how and what their rights are when this service is not met.

This being the case they will only deliver the intended value if they are applied to all interactions between suppliers and customers.

This comes in two forms, firstly SOCs being applicable to all customers:

We have already called for the removal of the artificial distinction between customers as micro-business, small business or any other definition and have led the call for all non-domestic customers to enjoy the benefit of SLC7A

This action will ensure genuine transparency on contract end dates and renewal options for all businesses large or small. With customers further benefitting from our call for contract end dates to be published on all non-domestic invoices.

The arguments against this are likely to be two fold

1) It is unnecessary for large I&C customers to be subject to such obligations and
2) a removal of such a demarcation between business types will lead to unconnected obligations being unnecessarily applied to customers for whom they were not intended.

These arguments equally apply to the rendering of SOCs across all non-domestic customer interactions.

Whilst we have sympathy with large I&C customers not necessarily needing or wanting plain English detail of their contract situation given their close monitoring and management of their commodity and contract it needs to be remembered that any customer SME or I&C can

choose to ignore the data and protections provided by SLC7A and the SOCs, and can choose to tailor their specific energy contracting process to suit their particular commercial, strategic or financial needs.

To be clear, similar to a minimum standard protocol for smart metering, SLC7A and the SOCs should be the minimum data provision and service expectation for all non-domestic customers, if they choose to add bells and whistles to the core provision then that should be their right.

The Second form this extension takes is SOCs being applicable to all interactions:

The obvious truth is that non-domestic customers have far more interaction on service issues than they do on a perhaps annual sales relationship with a TPI or supplier and as such it would be illogical for SOCs not to extend to interactions around these key issues.

CHAPTER: Five

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

We do not believe we are in a position to be able to comment fully on this particular question however it is inevitable that any mandated SOC will consume implementation and operational costs but it has to be assumed that the potential benefit to a non-domestic customer of a competitive and transparent market is a positive return on that investment.

CHAPTER: Five

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

In keeping with our approach of simplicity and transparency we believe that the artificial categorisation of a customer as micro-business, small business or any other definition is a root cause of customer confusion and Suppliers' failure to comply and as such we believe that this categorization requirement should be removed.

The arguments against this are likely to be two fold
1) It is unnecessary for large I&C customers to be subject to such obligations and
2) a removal of such a demarcation between business types will lead to unconnected obligations being unnecessarily applied to customers for whom they were not intended.

Whilst we have sympathy with large I&C customers not necessarily needing or wanting plain English detail of their contract situation given their close monitoring and management of their commodity and contract it needs to be remembered that any customer SME or I&C can choose to ignore the data and protections provided by SLC7A, and can choose to tailor their specific energy contracting process to suit their particular commercial, strategic or financial needs.

To be clear similarly to a minimum standard protocol for smart metering SLC7A should be the minimum data provision to all non-domestic customers, if they choose to add bells and whistles to the core provision then that should be their right.

CHAPTER: Five

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

The non-domestic energy market must quickly and effectively move to the most simple and transparent method of operation as soon as possible.

Numerous potential actions have been raised in the RMR, and although some have been built on misassumption and misunderstanding the overall direction is positive.

It is however critical that a simple, balanced and effective solution is reached.

Even more so it is critical that the issue that is perceived to exist is quantified clearly and the remedies that are implemented have clearly stated goals focussed upon the resolution of clearly quantified issues.

We cannot allow actions that will quickly blanket the non-domestic market in decreased competitiveness for the customer. Neither can we allow a half-baked response leading to retention of the status quo.

It is clear to all that non-domestic customers are within their rights to expect to see improvements in the transparency and competitiveness of the business energy market

There are good suppliers and poor suppliers; there are good TPIs and poor TPIs.

Ofgem's actions should be focussed on bringing up the standard of underachievers or removing them from the market completely and not stifling the already limited competition that exists.

Indeed the most important focus for the RMR must be the end goal of a simpler, more transparent, more competitive and more effective market for all non-domestic customers.

We do not see that there is a necessity for a SLC and SOC to co-exist, or indeed that one is interchangeable for the other. Rather the approach should be that the simplest, most effective remedy for the clearly identified issue(s) should be implemented in an unprejudiced way applying universally to all sales and marketing channels. If this is better suited by a SLC than a mix of the alternative proposals then that should be the avenue taken and vice versa.

It is critical however that change is clearly focussed on making a genuine improvement to the market rather than an exercise in being seen to do something but which will have no material benefit to the experience of the non-domestic customer.

Further complicating the market to then retain the status quo is significantly less attractive for all concerned than taking this opportunity to make a genuine move to a fully competitive non-domestic market.