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21.12.12

Dear Louise

Retail Market Review: Non-domestic Proposals

As a leading Third Party Introducer - representing the interests of almost 100,000 non-domestic energy customers in the UK - Make It Cheaper welcomes the opportunity to respond to the Retail Market Review: Non-domestic Proposals.

CHAPTER 1: Introduction

Question 1: Do you agree with the envisaged implementation timetable set out in this chapter? If not, what factors do we need to take into account in setting this timetable?

Whilst we're aware that the consultation process needs enough 'runway' to ensure the proposals are fully considered and can be implemented within a reasonable timeframe, we question whether the four month window for back office changes is really necessary for Contract End Dates to appear on bills? As you know, we have been working closely with a number of suppliers on this matter - two of which (CNG & E.ON*) have already made the move to print Contract End Dates on their microbusiness customers' bills. We would argue that the remaining few months of RMR consultation, plus the 56 days implementation period, give all suppliers ample notice of what would be expected of them from 'Day 1'.

* <http://pressreleases.eon-uk.com/blogs/eonukpressreleases/archive/2012/10/25/1877.aspx>

* http://www.cngltd.co.uk/media_centre/cng-fronts-pioneering-campaign-for-fairer-bills/index.html

CHAPTER 2: Market Overview

Question 2: Do you have any comments on our success criteria and the outcomes we expect to see?

'Fewer' and 'lower' as measures of success are clearly well-intended but not ideal in that they miss an opportunity to fully define, report and set targets for customer engagement. Indeed, the Accent quantitative research* that underpins some of the consultation's non-domestic proposals is a good starting point for establishing current levels of switching and other measures of engagement. For example, it would be useful to gather and maintain official statistics for the volume of customers that switch supplier versus those that are retained by their supplier. It would also be useful to know the split between proactive customers that engage from their own volition and those engaging reactively (ie via a customer service or account management call from supplier).

Furthermore, we urge Ofgem to go ahead and use its statutory power to publish figures on the Objection issues raised – as well as setting what it considers to be an acceptable benchmark for suppliers to have already reached, along with a timetable of future goals for improvement.

*<http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/Quantitative%20Research%20into%20Non%20Domestic%20Customer%20Engagement%20and%20Experience%20of%20the%20Energy%20Market.pdf>



CHAPTER 3: Protections for small businesses

Question 3: Do stakeholders agree with our proposal for a revised definition for the expansion of SLC 7A?

There are two issues here. One is that the current definition of microbusiness – and the tendency for suppliers to apply the SLC 7A protections to their customers in different ways – has led to misunderstanding and confusion among consumers. The second is that why would any business, regardless of its size or consumption, not want the protections offered to smaller businesses? No one, for example, benefits from being assumptively renewed for a period longer than 12 months. So why not define what ‘protections’ are currently in place for microbusiness and simply ask, instead, why they shouldn’t be extended to all commercial energy contracts?

Question 5: Do stakeholders agree with our proposal to mandate contract end dates on bills for consumers covered by SLC 7A? Are there significant cost implications?

Absolutely! Not only should Contract End Dates on bills be finally mandated but Ofgem should make it crystal clear where and how they should be presented. We know from our own research that an overwhelming majority of customers want to see this information but there is a danger that it could be overlooked if suppliers are allowed too much ‘interpretation’ of this new rule. Out of all the RMR proposals, this is the one in particular that we would urge Ofgem to hold tension on. It would be a shame if an amendment to this was subsequently published - as we saw in September 2009 with some of the initial proposals put forward in the Market Probe.

Question 6: Do stakeholders agree the last termination date should be included alongside the end date on bills? Are there any significant cost implication

Yes and we would also like to see an effort made by suppliers to explain to customers what they would need to do in order to avoid an assumptive renewal. See 3.9 below.

Question 7: Do stakeholders agree with our proposal to require suppliers to allow small business customers to give notice to terminate their contract (as from the end of the fixed term period) from the beginning of their contract? What are the implications of this proposal, including cost implications?

Yes, we support this proposal and would also like business consumers to be able to terminate at any time during the course of their contract to within 28 days of the Contract End Date. See 3.9 below.

Question 8: Do stakeholders consider that it would be to the benefit of customers to allow suppliers to terminate small business contracts, signed under the terms of SLC7A, in specific circumstances where a customer’s energy usage significantly increased?

No. In fact, there is a danger that this proposal may have a detrimental impact on the engagement of all business customers as it would unnecessarily complicate the vast majority of contracts by requiring an additional clause. The consequences of it, for example, could add even more small print to written contracts and extend the length of already-unwieldy verbal contracts.

**Question 9: Do stakeholders have views on the proposed amendments to SLC 7A set out in Appendix 4?**

We feel that the proposed amendments represent another missed opportunity to harmonize the contract termination windows of non-domestic suppliers. 'Up until final day of notice' does not mean the Contract End Date - or even Contract End Date minus 28 days – as depending on the supplier, it could still mean the customer has to provide 90 days' notice in order to avoid an assumptive renewal. We repeat our assertion that all business energy customers, regardless of their supplier, should be permitted to terminate their contracts at any time up until 28 days before the Contract End Date.*

*<http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Response%20from%20Make%20It%20Cheaper%20to%20amended%20SME%20proposals.pdf>

CHAPTER 4: Objections**Question 10: Do stakeholders agree that industry processes could be improved to alleviate current issues with the objections process?**

Yes. The issues leading to customer detriment are not around the (predominantly correct) reasons for objections but around erroneous or incorrect objections. In addition to publishing data (see 2.2), one simple solution to these issues would be to fine suppliers a penalty of £100, paid to each customer whose transfer suffers an incorrect objection.

Question 11: Do stakeholders agree that we do not need to make further changes to the licence conditions at this stage?

As above.

Question 12: Do stakeholders agree that we should collect and potentially publish information from industry sources rather than from suppliers?

Yes and Make It Cheaper is also happy to assist where possible in continuing to provide Ofgem with access to information and opinion from its own customer base.

CHAPTER 6: Third Party Intermediaries**Question 19: Do stakeholders agree with the proposal for Ofgem to develop options for a single Code of Practice (the Code) for non-domestic TPIs?**

Yes.

Question 20: Do stakeholder consider the Code should apply to all non-domestic TPIs (including those serving small business and large businesses)?

Yes.

Question 21: What do stakeholders consider should be the status of the Code, the framework in which it should sit, and who should be responsible for monitoring and enforcing the Code?

Yes we are in support of the Code and, as we have always maintained, would like to see it enforced by a recognisable body such as Ofgem, the Office of Fair Trading or the Financial Services Authority. This is not just about having the necessary legal power to meet the objectives of the Code but about satisfying the levels of awareness and trust required to win the confidence of consumers and businesses.



Question 22: Would you like to register your interest in attending the TPI working group?

Yes and have already replied to express an interest.

Question 23: What issues should Ofgem consider in the wider review of the TPI market? What are the benefits and downsides to looking across both the domestic and non-domestic market?

A wider review of the TPI market could pick up on some of the points highlighted in the Accent quantitative research. For example, the level of dissatisfaction caused by 'hassle' in the switching process and the high number of businesses that are unaware of their electricity tariff. The issue of promoting switching could also be addressed. For example, a key recommendation of the Consumer Focus/Cornwall Energy report from earlier in the year - 'Under the Microscope'* - was to use 'information and resources to encourage micro-businesses to participate in the market, perhaps through joint campaigns with third parties'.

* <http://www.consumerfocus.org.uk/publications/under-the-microscope-reviewing-the-micro-business-energy-market>

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Elliott'.

Jonathan Elliott
Managing Director
Make It Cheaper
www.makeitcheaper.com