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Reference Number:  
Date: 21<sup>st</sup> December 2012

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

Dear Louise,

SmartestEnergy welcomes the opportunity to comment on Ofgem's Retail Market Review: Non-domestic proposals.

As you know, SmartestEnergy currently only supplies electricity in the HH market.

We are pleased to see that Ofgem's proposals are a significant improvement on those previously published in all areas as they take greater account of the nature of the business market and focus more on smaller businesses.

Below is SmartestEnergyLtd's response to the specific questions raised in the RMR proposal.

#### **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?**

Yes, we agree that a phased basis from Summer 2013 is just about feasible, although it seems a little ambitious.

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

We agree with the use of the success criteria of fewer complaints and objections. Clearly, objections can be measured scientifically, but so should numbers of complaints. We are also supportive of the concept of TPI's being held to account with consequential action for fraudulent or misleading behaviour.

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

We are pleased that the definition has not changed for the number of employees and turnover as these are difficult pieces of information to capture, and the either/or aspect of the definition is also problematic. It is correct to focus on annual consumption. Ideally, the number of employees and turnover should be removed completely, although we accept that Ofgem do not wish for anyone to fall out of the current definition. At the end of the day, we have confidence that Ofgem will monitor compliance with these definitions in a pragmatic way.

**Question 4: Do stakeholders foresee any significant costs or difficulties to our revised definition?**

Yes, were we to make changes to our current system for in order to expand the market segment we serve, we believe the costs would be disproportionately high. We would also be concerned if the definition were to change again.

**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?**

We agree with this from a customer service perspective, and refer to answers in Questions 4 for our reservations..

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

We are uncomfortable with the concept of rollovers generally, and in particular where this can tie customers into more than one further year. We do feel that the inclusion of the last termination date and contract end date would be an improvement to smaller business, rather than larger business, bills. Having said that, we would be concerned at the costs of changing our system.

**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 believe this will be good for competition as it will outlaw narrow windows within contracts.

**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, but this is not necessarily a question which should only be seen from the customers' perspective.

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

No, it appears fine.

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

We see this as more of a contractual and market behaviour issue rather than an Industry process issue. However, we are in agreement that the related Change of Supplier process should be reviewed by industry.

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

That depends on how successful Ofgem are in their current investigations into the use of objections.

We agree with Ofgem that there is an issue with the number of repeat applications, each of which results in a letter to the customer. Conditions (or possibly guidance) around this could state that there should only be two attempts to transfer a customer before the attempting supplier must contact the customer again.

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

Yes, so long as the source is objective and accurate, and available by querying dataflows. Use of information from distribution companies (MPAS) seems sensible. We are confident Ofgem will see that there is no need to retain the current voluntary monthly reporting requirements on suppliers alongside these sources.

**Question 13: Do you agree with our proposed approach to tackle issues in the non-domestic market? If not, which alternative proposals do you prefer?**

Generally we are in agreement. Please see responses to other questions for an indication of other suggestions.

**Question 14: Does the proposed approach to enforcement mitigate stakeholders concerns about the regulatory uncertainty and risk?**

No comment

**Question 15: Do you agree the proposed binding Standards should cover small businesses only?**

There are no obvious benefits of extending to larger businesses above this threshold

**Question 16: Do you agree with the assessment that the scope of the binding requirements should focus on the relevant activities of billing, contracting, and transferring customers (and matters covered by related existing licence conditions)?**

Yes, although we are still doubtful of this requirement. However, the application to small businesses only and with the proposed pragmatic enforcement we are not uncomfortable with this.

**Question 17: Do you have any information about potential costs and benefits of the roll out of the Standards of Conduct?**

No

**Question 18: Do stakeholders have views on the proposed New Standard Condition 7B set out in Appendix 4?**

We can see the merit in Standard Condition 7B, as we believe that all Small Business Consumers should be treated fairly. However, it is difficult to measure these objectively.

For instance, there will be differing opinions as to what constitutes 'reasonable steps', and we suspect it will be difficult for suppliers to be consistent with customers individually.

**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?**

It could be independent but we would prefer we would prefer Ofgem or other regulation.

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

Yes

**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?**

The benefits are strategic alignment and the move towards a uniform code of conduct for TPIs, which is certainly something which is currently lacking.

The downside is that the approach cannot easily be applied to the two sectors of the market, as sales agents are more prevalent in the domestic sector, and TPI's in the non-domestic. Achieving a 'one size fits all' policy is going to be difficult, and there may be exceptions.

If you have any questions, please do not hesitate to contact me.

Yours sincerely,



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