

Louise,

I should like to respond as follows to your consultation document made public on the 26<sup>th</sup> October, 2012.

**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. It is reasonable.**

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

**Your success criteria are modest, but should include the elimination of rollover contracts. The biggest barrier to switching suppliers are the rollover contracts used by energy suppliers. I firmly believe that such contracts should be banned. They often result in small and medium sized businesses being trapped for a minimum of 12 months at grossly inflated prices. I accept that this may result in a few businesses going on to out-of-contract rates for a few months, if they fail to provide suppliers with the required notice of termination. However, as soon as their energy prices greatly increase, they should be able to escape from a supplier contract. Rollover contracts stifle competition and inflate supplier profits. That is why the large energy companies are so keen to retain them.**

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

**No. I think the protection offered by SLC 7A should be extended to all non-domestic users. If that is not possible, it should include all organisations with a turnover of less than £2 million pounds, not euros. Having fewer than 10 employees should be removed as a criterion.**

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

**As mentioned in the answer to question 2, rollover contracts should be banned. They are unfair to energy users and stifle competition. Most non-domestic users will switch suppliers as soon as they move on to much higher energy prices, if they are permitted to escape from their energy supply contracts. The evidence from the FSB proves the point that "25% of their members surveyed rolled over on to high priced contracts without their knowledge".**

**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?

**Yes. Contract end dates on bills would help. However, banning rollover contracts would solve the main problem with energy supply contracts.**

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

**Yes, it would help. However, banning rollover contracts would be much better.**

**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. That would help. Banning rollover contracts would solve the main problem with energy supply 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. It would not benefit customers. If a customer signs up for a supply for 12 months or so and the consumption rises unexpectedly, it is reasonable to allow the small business to continue with the protection afforded by SLC 7A until the agreement runs out.**

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

**The alterations would give more protection to non-domestic users. However, it would be much simpler and provide much better protection if rollover contracts were banned. The protections offered by SLC 7A should be extended to all energy users.**

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

**Yes. A clear framework is required to improve the process. At present customers or their agents waste significant time trying to contact suppliers to check for objections or deal with known objections. This must be equally time consuming for suppliers. BCC commit substantial resource to this ...both with "preventive maintenance" and "problem resolution".**

**A requirement for improved communication from suppliers would be very helpful. For example, an obligation on the incumbent supplier to inform the customer or his agent within a reasonable timescale (perhaps three working days) that an objection has been raised, stating the grounds and clarifying the timescale / objection window. Likewise, there should be an obligation on the newly appointed supplier to inform the customer or agent within a reasonable timescale that an objection has been raised and clarifying the timescale / objection window.**

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

**No. Please change the conditions to ban rollover contracts.**

**Question 12:** Do stakeholders agree that we should collect and potentially publish information from industry sources rather than from suppliers? The Retail Market Review – Updated proposals for businesses 59

**Yes. It would be good to have unbiased reports and data.**

**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?

**I think your proposals should be applied to cover all energy users, not just small businesses.**

**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?

**I think your proposals should be applied to cover all energy users, not just small businesses.**

**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.**

**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?

**No**

**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. It should be a single code drawn up by Ofgem in collaboration with interested parties and should apply to all TPIs dealing with non-domestic energy.**

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

**Yes. Part of that code should ensure that all energy brokers declare the commissions they earn from suppliers and the number of energy suppliers from which they will seek prices. If they are tied to a few favoured suppliers which pay them larger commissions they must make that plain to their clients and prospects. Some brokers pretend to be independent, pretend to seek prices from all energy suppliers and some pretend that they do not earn commissions. We need absolute transparency to make this market work effectively.**

**Part of the code should set out a standard letter of authority to be used by TPIs, which is valid for at least 12 months, unless the client withdraws his authority in writing. It should be a condition in their license that all energy suppliers accept such a standard letter of authority. In recent years suppliers have been demanding their own letters of authority in specific formats before they will deal with a TPI. Hence a TPI might need a client to sign a dozen different letters of authority if seeking prices from 12 energy suppliers. That is totally unnecessary. Suppliers should be obliged to accept a standard letter of authority.**

**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?

**Like other codes of practice, it should not be illegal to break the code. However, a failure to observe the code could help those affected and aggrieved use it to bolster their case if matters went to court or to arbitration. I believe the Highway Code works in this way. It is not illegal to break the Highway Code. However, a judge would take it into consideration if a motorist ignored the Code for no good reason.**

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

**Yes. I should be willing to attend the working party or meetings to actively participate in putting forward my views and those of the APMC.**

**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?

Here are some suggestions :

#### **Change of Measurement Class**

**Suppliers such as Eon have an official policy of turning down all customer requests for COMC (change of measurement class aka profile class). COMC often does not entail any physical changes to metering or supply - often it is merely a case of agreeing the change with the DNO. If a customer's level or pattern of electrical usage changes then their only option to change profile class is to go through their supplier. This is the way the UK system was set up. If a supplier refuses to process such a request does this not contravene the obligations of their license ?**

#### **Carbon taxation / pass-through charges**

**Suppliers are increasingly back-billing customers for large charges that they have incurred through indirect taxation - such as FIT's. Suppliers' contract terms are now so lax that they are able to raise large invoices retrospectively, without notice. The suppliers are able to claim that since DECC do not provide them with any figures for the taxation in advance they are forced into this action. This makes it impossible for businesses to budget for energy charges.**

#### **Ecoes Access**

**Certain suppliers reject MPAN authorisation applications from customers without reason or come-back. This effectively blocks the customer from accessing their own records indefinitely. Ecoes does not allow the customer to re-apply even after a change of supplier. This is unfair to customers.**

Kind regards,  
Donald

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