

Dear Sir/Madam,

I am responding to your call for evidence on the issue of automatic rollover contracts in the energy market. As someone who has twice been the victim of this practice, I know from bitter experience just how damaging they can be to a small business. I therefore strongly urge you to act to end this practice.

I own and operate three pubs, each of which consumes a fair amount of gas and electricity. Each utility contract has to be negotiated separately, which means that I have six contracts to keep an eye on. To secure the best possible prices, I shop around and am therefore usually with a number of different suppliers. Each contract has its own start and end date, and each supplier has their own terms and obligations when it comes to a renewal window; this makes the process of keeping tabs on the contract end dates, and the windows in which each supplier will allow you to exit a contract, extremely difficult. They do not allow you to state at the outset of the contract that you don't wish to be rolled over; that would be too simple wouldn't it? The only reason I can see that they wouldn't allow you to state that you don't want to be automatically rolled on to a new contract would be for the energy companies to protect their ability to catch their customers out and be able to put them on to contracts at inflated prices.

The way energy companies are currently allowed to operate with these auto rollover contracts is, to my mind, nothing short of scandalous. I can't think of another industry where the supplier sets out to penalise their existing customers at the end of a contract, rather than incentivise them to stay. It is an appalling example of stitch up business practice and just why Ofgem have allowed the industry to operate like this is quite beyond me.

I note with interest the section of your 'call for evidence' letter which states why suppliers would oppose a ban. If these are genuinely used arguments by the suppliers they I would say they represent a desperate attempt to defend an indefensible practice. I have commented on each in turn below:

- *Many customers will be placed on deemed or out of contract rates if they do not agree a new contract with their existing or new supplier. These can be significantly more expensive than contracted rates.*
- - In my experience the automatically rolled over rates are every bit as high as out of contract prices, so this is a spurious argument
- - Furthermore, even if one did find oneself on expensive out of contract prices, being out of contract, one could easily shop around for the best prices and sign a new contract and switch suppliers immediately; whereas if you're rolled on to a new contract, you are stuck with it for another 12 months.
- *Disengaged consumers are the most at risk of going onto these more expensive out of contract rates for longer periods.*
- I am a fully engaged consumer and, due to the difficulties of tracking moving renewal windows, have twice been rolled over.
- This argument seems to suggest that suppliers are looking out for the interests of their customers. If that is really the case why don't they simply roll their existing customers on to the same rate as they offer new customers?
- *A less stable customer base for suppliers will lead to an increase in hedging costs, and price rises across all their customers.*

- A fairer pricing strategy for existing customers would mean consumers are not incentivised to move at the end of each contract as they currently are and would therefore mean a *more* stable customer base, not less
- *Banning automatic rollovers would be a significant market intervention.*
- So what? Isn't addressing and acting on issues like this exactly what Ofgem was created for? No intervention would be necessary if the suppliers were not stitching up their customers.

In summary, I believe that the energy suppliers are stitching their customers up and they know it. They are so blinded by the huge mark ups that these contracts offer to be able to see what they should be doing. I would be happy to expand on any of the points raised above if necessary.

Your sincerely,

