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Dear Meghna,

Proposals for non-domestic automatic rollovers and contract renewals

1. We welcome Ofgem's review of the practice of automatically rolling over micro-business supply contracts onto further fixed terms typically at substantially higher prices than are available in the open market ('Auto-Rollovers'). We agree with Ofgem that further intervention is needed to protect consumers from this unfair practice, however we are greatly concerned that the current proposals do not go far enough and will ultimately be ineffective at addressing the manifest issues with auto-rollovers. It is our firm belief that a complete ban on Auto-Rollover contracts is in the best interests of non-domestic consumers, and the overall health of the market.
2. Our concerns and reasoning are set out in more detail herein. We have also included in Appendix A responses to the specific questions posed in the consultation.

There is near consensus from customers, suppliers, and consumer groups that banning Auto-Rollovers is the right thing to do

3. We led the way in committing to voluntarily stop Auto-Rollovers, and while some of the largest non-domestic suppliers have now made broadly similar commitments, consumers will continue to suffer if Ofgem allows this poor practice to continue.
4. Customers consistently tell us Auto-Rollover contracts are unfair and that they want them removed which is what led to us voluntarily stopping auto-rollovers. We also understand that consumer groups and TPIs dislike Auto-Rollovers and would welcome a ban.
5. A ban on auto-rollovers would:
 - Remove a practice that engenders mistrust of the energy sector
 - Stop customers from being inadvertently locked-in to disproportionately higher priced contracts for a long fixed term period
 - Increase the accessible market for all suppliers, both new entrants and existing, as more consumers become available to switch – thus supporting the vibrancy of supplier and TPI markets
 - Increase customer engagement resulting in either extra switching or in customers securing better priced contracts with their existing suppliers
 - Reduce the potentially unfair margin cross-subsidy between disengaged (typically smaller) and engaged (typically larger) customers
6. We believe that with such a groundswell of support for a ban, combined with the clear and irrefutable benefits of a ban, it is the right outcome for consumers and for the industry.

Incompatibility with Standards of Conduct

7. British Gas is taking positive steps to rebuild consumer trust as well as seeking to deliver fairer outcomes for our customers. Against this backdrop, we cannot see how the continuing use of auto-rollovers is in the best interests of consumers. We believe that Auto-Rollovers are incompatible with the spirit of the Standards of Conduct from a fairness, transparency and honesty frame point. A complete ban would remove a huge inconsistency about how a customer can expect to be treated by their energy supplier.
8. Automatic rollover contracts have traditionally been a feature in sectors where services need to be supplied continuously, such as electricity, gas, telecommunications and insurance. In some markets there is still a demand and need for this type of product – for example, if certain insurance policies don't rollover, the consumer would be left uninsured in the event they fail to renew, potentially causing direct financial detriment or being in breach of law. Where there is no equivalent risk of loss of continuous supply and resulting consumer harm, there is no plausible consumer interest reason to retain Auto-Rollovers.
9. In the case of the energy sector, if a customer doesn't actively consent to extend the energy contract, they are still able to consume gas and electricity. Therefore, locking a customer into a long fixed period at an over-inflated uncompetitive rate without active consent offers them no benefit over a variable product that they can leave at short notice if there is a better offer available.
10. Under the Standards of Conduct a supplier would not be treating a micro-business customer fairly if their actions or omissions significantly favour the interests of the supplier or increases the likelihood of customer detriment. Moreover, the Standards of Conduct require suppliers to be transparent and honest in their interactions. Contrary to this, auto-rollovers perversely incentivise suppliers to not engage in an open and honest way, because to do so would make customers intimately aware of the downsides of auto-rollovers. While the non-domestic Standards of Conduct rightly do not apply to products or pricing they do apply to contractual information, and it is our belief that because Auto-Rollovers asymmetrically favour the supplier and offer no consumer protection (given no risk to continuity of supply), having Auto-Rollover provisions in contractual terms is not compatible with the Standards of Conduct.

Auto-Rollover contracts are not a choice when customers understand the terms

11. We know there are customers who do not have the time to fully research the energy market as they are rightly too busy running their businesses. However, when faced with the choice at the end of a fixed price term of either an Auto-Rollover contract with a second year at unknown (significantly higher) prices, or a variable price product which the customer can leave at any time if they don't like the price, or indeed a further fixed term contract but at prices reflective of the prevailing open market, there is no credible reason why a customer would knowingly choose the former. Importantly, auto-rollovers actively restrict engagement with the market meaning customers can't get the right products for them.
12. While the proposed information remedies will help improve transparency and are absolutely necessary (even with a prohibition on auto-rollovers), they are insufficient to markedly change the level of engagement of consumers and they will not prevent Auto-Rollovers from being open to abuse.
13. We believe that no sensible customer would choose an Auto-Rollover product if they truly understood the impact of the terms, so the terms must remain inherently opaque. Indeed, there is nothing to prevent a Supplier from offering a customer a further fixed term agreement at the point of renewal rather than automatically rolling them over. If a supplier can't explain to a customer why staying with them is in their best interests, it's likely it is *not* in the customer's best interests.
14. If Auto-Rollovers are not banned, the least savvy customers will still be the most likely to sign up to an agreement they don't fully understand the consequences of. Customer choice is not about maintaining a product that no-one would knowingly choose and that purposely locks you out of

making an active choice. Banning auto-rollovers is about protecting and facilitating customers' ability to make real choices.

15. We recognise there are concerns about removing auto-rollovers because, rather than being auto-renewed, customers could instead roll onto even higher out-of-contract prices. Our new variable product that customers can leave at short notice (with no exit fee) and that will replace our use of auto-rollovers, will (out of necessity) be priced competitively. A complete ban on auto-rollovers will actually force suppliers to price their 'out-of-contract'/variable/default tariff competitively and at a level that reflects the real costs/risks of these short notice contracts. If suppliers do not, then they will leave that proportion of their customer base on high prices and exposed to advances from competitors able to offer compelling discounts.

Conclusion

16. We were keen to take decisive steps and lead the industry in putting customers' interests first by voluntarily ending Auto-Rollover contracts. Given not all suppliers have been willing to follow suit, it is time for Ofgem to take decisive action and move the industry to a better footing. It is right to protect micro-business consumers from entering agreements that demonstrably and unfairly favour the supplier. We support the information remedies Ofgem has proposed, but standing alone they will not prevent the worst of the practices. Introducing a ban is the most effective and efficient way to protect the interests of consumers while also increasing switching and helping to promote competition on a level playing field.
17. This response is submitted on behalf of the Centrica Group of companies (excluding Centrica Storage), is not confidential, and may be placed on the Ofgem website.
18. Please do not hesitate to contact me if you should wish to discuss any of the issues raised in this response.

Yours sincerely

Matt Young

Head of Non-Domestic Regulation

British Gas

Question 1: Do you agree with our proposal to reduce the maximum termination notice period to 30 days?

We support the idea of reducing the notice window in principle. In March 2013 we undertook research in order to better understand how customers feel about the end-to-end contract process. A key finding was that renewal letters being sent out at D-120 days, and the termination window closing at D-90, was considered premature.

Some customers even told us that they interpreted the early termination window as suppliers trying to 'trick' them into auto renewing. This shows that the process lacks convenience for the customer and illustrates the levels of mistrust around this type of product.

Although we agree with the principle of reducing the window to 30 days we have concerns that it is inconsistent with the 42 day switching window that exists in gas. As things are proposed, a new supplier properly instructed by the customer could issue a request to switch supply 42 days before contract end. However, the customer may not have yet given their 30 days notice to their current supplier. This would mean the incumbent supplier would object to the withdrawal in good faith, believing they were acting in line with the customer's wishes. Consideration needs to be given to either setting the notice period at a minimum of 45 days (42 + 3 days to provide a buffer for processing the transfer request), or, revising the Uniform Network Code to reduce the supplier transfer request from 42 days down to 30, or indemnifying the incumbent supplier from any sanctions for only operating in good faith.

Question 2: Do you agree with our proposal to include current prices and annual consumption on contract renewal letters?

Yes. The proposal to include current prices and annual consumption on contract renewal letters is fundamental to ensuring customers can make a truly informed decision. Importantly, we believe they are as valid and necessary in a market without auto-rollovers as they are in a market that retains this practice. Therefore, we would support their inclusion even with our preferred outcome of a ban on auto-rollovers.

In fact we believe that the proposed measures do not go far enough even when combined with a ban. A supplier that wasn't acting in good faith could take the instructions and place the required information around different pages and sections of a renewal letter. For this information to be useful and effective, it should be apparent to the reader what the impact of their inaction would be. Therefore, for less sophisticated energy consumers' interests to be served this information must:

- a) be in a prominent position, not tucked away in the small print
- b) be all together in the same place
- c) utilise standard terminology for pricing information (where possible) so customers can readily compare multiple offers,
- d) if a customer has expressed a preference to be contacted via e-mail, the renewal letter must be sent via this medium, and
- e) in the event a termination notice is not received, a reminder notice must be sent 45 days before the end of the fixed term contract

In the event Auto-Rollovers are not banned outright, the above conditions would be insufficient given the potential impact and would need to be accompanied by further measures to promote engagement:

- f) include the new estimated annual cost as a pound value so a customer doesn't have to do a calculation to understand impacts
- g) grab the attention of the customer by displaying the percentage increase in prices / estimated spend year on year on the front page

- h) include an explicit statement to the effect that if the customer were to do nothing in the termination window that these are the prices the customer would have to pay for the next year, i.e. make the impact of doing nothing unambiguous
- i) if the customer doesn't want to accept the prices offered, it must be clear that they are not yet tied into the agreement for a further fixed term providing they take action
- j) suppliers must be able to track delivery of the renewals letter, and act differently if it cannot be tracked or recorded as being received by the customer in order to avoid customer detriment. Those customers who did not receive the renewal letter must not be auto-renewed and be able to leave at any time with 30 days notice
- k) a cooling off period for customers until 30 days after the first bill for those who have auto renewed – if the customer is truly fully informed and has opted in to the Auto-Rollover model the risk of them deciding to end the agreement at this point must surely be minimal, and thus any hedging risk equally minimal. This cooling-off period must be clearly and prominently messaged on the first bill
- l) as an extra method to prompt action, suppliers should also communicate the price change and renewal options on the customer's bills immediately prior to and during the renewal window
- m) customers can opt-out of Auto-Rollovers at acquisition, and it must be proven that if the consumer 'opted in' to a renewal that this was done in a fully informed manner
- n) the Relevant Date for termination must be stated as a date, not as a method, i.e. 30 days from now, again to ensure the customer immediately understands the consequences of taking no action at that time.

These additional safety provisions all have fairly obvious benefits, however, the need for these additional steps does indicate that rollovers are fundamentally not in the consumer interest. These steps would also impose more cost on suppliers (ultimately borne by consumers) than simply banning auto-rollovers outright.

For the avoidance of doubt, we do not believe that 'Out of Contract' and/or 'Deemed' price need to be shown on the renewal letter. These prices are fluid, typically available on the supplier's website, and could cause information overload and customer disengagement. Instead, we believe it is imperative to display the price the customer will pay if they do nothing, i.e. the default rate. Moreover, including the current price the customer is being charged, in addition to the default rate, is paramount, as it acts as the reference price for customers' budgeting purposes.

Question 3: Do you agree with our proposal to require suppliers to acknowledge termination notices received from a customer? Do suppliers already do this?

Yes, we already do this for our customers. We believe that it is important that we are able to acknowledge the termination notices via whichever format the customer indicates they prefer, i.e. text message, e-mail or post.

Question 4: Do you agree with our proposed implementation dates?

We are supportive of a ban on Auto-Rollovers being implemented at the earliest opportunity. As of 1st September 2014 we will not auto-renew any customer (old or new). Based upon our own experience of abolishing auto-rollovers, we believe it would be reasonable for a ban to be fully implemented and effective from 1st January 2015 for all new acquisitions (including having allowed time for the necessary licence consultation) – this would allow sufficient time for contractual terms and conditions to be revised and any system changes, or manual workarounds, to be implemented.

The extent of any additional changes over and above a ban will influence how quickly we can implement them. We are currently undergoing extensive system improvements. The implementation of this programme limits our flexibility to introduce additional changes in the short term. It may therefore be difficult to apply new information remedies before the end of 2014.

Question 5: Do you have views on the proposed amendments to standard licence condition 7A in Appendix 2?

As discussed in our answer to Question 2, it is important that the wording of SLC 7A provides absolute clarity about the minimum standard required by suppliers, and to ensure customers really understand what they are being offered.

We also do not believe there should be an exemption from SLC7A.8 (issuing renewal terms) for contracts which are for a fixed period but which do not contain a rollover clause. Once a customer is on a non-fixed term (i.e. variable) contract then a renewal notice is not required, however, while in a fixed term contract the customer requires the Renewal Statement to prompt them to take action before their contract ends so as to mitigate the risk of them being moved onto potentially higher default rates.

Question 6: Do you agree that the current licence conditions provide sufficient protection to consumers on deemed contracts?

Yes. Customers on deemed contracts already have sufficient protection under existing Licence Conditions. As terms must not be 'unduly onerous' they are protected from unjustified higher prices. It is our understanding that Deemed contracts should reflect the cost associated with this customer base.

More broadly, Standards of Conduct will offer Ofgem extensive scope for acting where it feels a supplier's actions or omissions give rise to a likelihood of detriment as they are subject to the principle of fairness.

Question 7: Do you agree that more consistent use of terms across suppliers would benefit consumers?

We agree that customers could benefit from standard terminology being used in communications from suppliers, particularly around renewal. It is easy to imagine a less confident energy consumer being discouraged from comparing prices by the prospect of weighing up the benefits of 'apples and oranges'.

We are engaging with the Energy UK working group to develop common terminology in customer communications, but acknowledge there are likely limits to the universality of language in a market where a significant number of business customers have bespoke needs.

Question 8: Should suppliers be able to object to the transfer of a deemed consumer with outstanding debt?

It is our view that Suppliers should have the right to Object to the transfer of Deemed customers with outstanding debt, just as Suppliers have for all other consumers. Suppliers having this right would be beneficial in a number of dimensions both for Suppliers and customers:

- A. Without the ability to Object there is an increased risk of bad/stranded debt. For example, it would be cheaper for a customer who has been in their premise for a short period of time, to switch and not pay, than to pay for what they've consumed and remain with the incumbent. Our experience tells us that once we no longer supply a customer the likelihood of recovering the debt decreases significantly. That bad-debt, once written-off, effectively becomes a cost of doing business that we must try and recover from our wider customer base who do behave fairly and pay for what they consume.
- B. Similarly, the ability to object would reduce the overall level of debt risk, which would then be reflected back into the ex-ante price setting of Deemed rates, resulting in those rates decreasing, thereby decreasing both the likelihood and level of accrued deemed debt.

Question 9: Do you consider there are any other options we have not considered?

No. We believe that an outright ban on Auto-Rollovers is the only fair and logical choice.

Question 10: Do you agree that we should not ban automatic rollover contracts?

No. We believe a unilateral ban on Auto-Rollover contracts is in the best interests of consumers. We led the way in committing to voluntarily stop rollovers, and while some of the largest suppliers have now made similar commitments, if Ofgem allow other suppliers to continue with this poor practice, consumers will continue to suffer. We lay out here, as well as in our cover letter, our views and reasons in favour of a ban on auto-rollovers.

Most importantly to us, customers want an end to the practice. In our experience, corroborated by interactions with Consumer Groups and our own customer research, the majority of customers dislike or don't understand rollovers. Indeed, we understand Consumer Groups are similarly calling for a ban. We share their view and believe that now is the time for Ofgem to take decisive action and move the industry to a more customer oriented footing.

A ban on auto-rollovers would:

- ✓ Stop customers from being inadvertently locked in to disproportionately higher prices for a long fixed-term period
- ✓ Remove a major inconsistency with the spirit of the Standards of Conduct
- ✓ Remove a practice that engenders mistrust of the energy sector
- ✓ Increase the accessible market for all suppliers, both new entrants and existing, as more consumers become available to switch – thus supporting the vibrancy of supplier and TPI markets
- ✓ Increase customer engagement resulting in either extra switching or in customers securing better priced contracts with their existing suppliers
- ✓ Reduce the potentially unfair margin cross-subsidy between disengaged (typically smaller) and engaged (typically larger) customers

A number of reasons have been given as to why a ban would not be in the best interest of consumers. We do not believe any of them represent a credible argument against a ban. For each of the reasons against a ban we discuss the counterpoint in the table below.

Reason proposed against ban	Counterpoint(s)
<p>Existing rules for Suppliers are said to be clear already, that customers understand them, and the RMR bridges any gaps</p>	<p>This is a generalisation as many businesses are not aware of the process and are unfamiliar with the nuances in the energy supply market. In particular, micro-businesses and start-ups, who have delicately balanced cash flows, are unlikely to understand that business practices differ from residential.</p> <p>The range of responses from customers to Ofgem’s Call-for-Evidence illustrate how much customer dissatisfaction and confusion remains around Auto-Rollovers. This is supported by a number of customer research studies conducted by third parties including Cornwall Energy and the Federation of Small Businesses. This is also borne out by our own customer engagement and research.</p> <p>We do not believe micro-businesses deserve less protection in this particular area than domestic consumers. Indeed, small businesses have received such protection in the Telecommunications market for several years.</p>
<p>Banning Auto-Rollovers would make some expensive RMR policies redundant. Specifically the requirement on suppliers to introduce contract termination notice dates on bills</p>	<p>The majority of those ‘expensive’ policies still remain entirely valid and relevant and are still necessary even with a ban (i.e. Standards of Conduct, Contract End Dates and other information on bills).</p> <p>Notwithstanding that, sunk costs should not influence making the right decision to change things for the better in future.</p>
<p>The domestic energy market is dominated by variable tariffs, and the market share of independent suppliers is still small as they find it difficult to deal with the volatility of wholesale prices. A requirement to offer a variable price tariff for micro-businesses would significantly alter independent suppliers’ business</p>	<p>Different to the residential market, the non-domestic market is dominated by fixed term contracts. However, abolishing Auto Renewals would not preclude suppliers from entering into fixed term contracts in an informed, negotiated and fair manner. Those fixed-term contracts would reflect current market rates while affording suppliers the same cash flow certainty as auto-renewed contracts, albeit at a lower level of margin. That lower margin level would simply mean that all suppliers would need to procure wholesale energy in a considered way rather than relying upon the hedge provided by an inert over-charged customer base. Prohibiting auto-rollovers, certainly does not stop suppliers (of any size) from accessing or operating in the wholesale or retail markets.</p> <p>We understand that some small suppliers’ commercial models and financing arrangements have been designed to exploit the more secure cash flows afforded by auto-renewals, and that more secure cash flows drive lower costs of</p>

Reason proposed against ban	Counterpoint(s)
<p>models.</p> <p>Removing Auto-Rollovers would therefore increase the costs of small suppliers and reduce competition.</p>	<p>capital. However, we do not believe that it is fair for those micro businesses that are auto-renewed to bear an unfair proportion of small suppliers' financing costs to the sole benefit of equity investors.</p> <p>All that this ban means for suppliers, is that they will need to engage more proactively with their customers giving them the service they deserve from an industry they long to trust. We believe this is a cost of doing business in a retail market.</p> <p>We have not sought to challenge or corroborate the claims made by other suppliers that hedging costs may increase by 5% because of an inability to forward purchase up to a year ahead on the back of auto-renewed contracts. Indeed, we freely acknowledge that banning auto-rollovers will not be without impact on all suppliers. From our own analysis conducted to inform our decision to stop rollovers, being unable to lock customers into fixed term contracts at prices significantly higher than are available on the open-market, will obviously cost us in terms of reduced profits from that customer group. However, we believe that this redistribution of equity, created by auto-rollovers, away from suppliers (as well as implicitly larger more engaged businesses) and back to smaller businesses is without doubt in the interest of those consumers.</p> <p>Replacing an Auto-Rollover model with a 30 day notice product may or may not be more expensive to hedge, and could be argued to present less certainty to the supplier. However, this presupposes that a supplier is a passive observer on the journey for a customer to reach this short-notice default product.</p> <p>The incumbent supplier has a relationship with the customer and can proactively renew a customer at any time before they reach the default product. Selling the customer a further fixed term product would give the supplier certainty whilst also protecting the customer from any substantial cost (hedging) difference.</p> <p>Our own experience of moving away from the Auto-Renewal market has shown that overall retention rates have remained fairly static, even as the proportion of customers on an Auto-Renewal contract has significantly declined. We believe that this demonstrates that retention - and therefore hedging - is within the control of the supplier.</p> <p>It is important that we acknowledge that the primary reason any Supplier would want to avoid a proactive renewal, is the fear that customer engagement drives lower renewal margins. Importantly, this is not an argument about the costs of hedging.</p>

Reason proposed against ban	Counterpoint(s)
<p>Banning automatic rollovers would remove an important consumer choice. Some small businesses do not want to negotiate a new contract because they do not have the time or their energy costs are low.</p> <p>There would be an additional burden of search costs for these businesses.</p>	<p>Improving customer choice is at the heart of why we're abolishing auto-renewals. We understand many small businesses struggle to find time or see the necessity to re-negotiate energy costs during a narrow renewal window. We believe those customers are better served by rolling onto a contract that allows switching rather than one that doesn't, in the event they later find time to review the deal, or if they discover there is a better deal in the market.</p> <p>Moreover, there is no risk of stopping supply so the same reasons rollovers are necessary and chosen in insurance products don't apply here – Without that continuity risk, we cannot see why anyone would knowingly choose to risk being locked-in to a long term contract at prices significantly above market rate. Indeed, if the customer wants certainty/security for an additional year why aren't they offered a 2 (or even 3) yr contract instead of a 1 (or 2) yr contract? The answer is simple; because this transparency and informed choice would prevent the supplier from being able to ratchet up the rollover year.</p> <p>We also believe an 'opt-in' model still has the same manifest issues as the status quo, after all, without knowing the renewal price, what are you opting into? Logically a customer seeking certainty would opt-into a two year fixed term-fixed price contract from the outset. If a customer wanted a more flexible offer they would benefit from being able to move to a more competitive deal outside of a rigid narrow window.</p> <p>Opt-in auto-rollovers offer no protection to consumers but give suppliers an excuse to continue with the same poor practice. It requires customers to make a choice without fully understanding the implications - they would need to make a decision about their purchase requirements anywhere from one up to three years in advance with no knowledge of those future prices or their energy needs.</p>
<p>More customers will use switching sites and brokers, which could be problematic in the absence of a market wide TPI code of practice.</p>	<p>This is not applicable given Ofgem's proposed TPI Code of Practice. Indeed, the implication that a ban will increase the level of engagement and ultimately switching by consumers is in fact a very favourable outcome of banning auto-rollovers.</p>

Question 11: Can you estimate the potential costs and benefits (in £) of our preferred options? Please consider the initial implementation and ongoing costs where possible.

Ofgem's current proposals will impose negligible incremental cost on British Gas. This is primarily because a number of these proposals we're already in the process of implementing in spite of any formal obligation, and for those we weren't already planning to introduce, the cost is largely resource driven (e.g. adjusting renewal letter formats to reflect the new requirements) which will be absorbed within business-as-usual operating expense.

It is difficult to accurately forecast the benefits that might accrue from these proposals, however, it is our firm belief (informed by experience of customer behaviour) that the proposed information remedies alone will have no tangible effect on the number of consumers continuing to be auto-renewed. Therefore, while the costs may be negligible, the benefits under the current proposals will also be negligible.

The cost of our alternative proposal – a complete ban on auto-rollovers – would be zero to us in incremental terms as this change is already underway. On the other hand, the benefits to customers from a complete ban accrue from increased switching, leading to increased competitive pressure on prices, and from not being charged excessively for long periods of time.

Question 12 Are there any other impacts we have not identified?

We recognise there are concerns that rather than being auto-renewed, customers could instead roll onto higher out-of-contract prices. Our new variable product that customers can leave at short notice (with no exit fee) and that will replace our use of auto-rollovers, will (out of necessity) be priced competitively. A ban on auto-rollovers would actually force suppliers to price their 'out-of-contract'/default tariff competitively and at a level that reflects the real costs/risks of these short notice contracts. If they do not, then they will leave that proportion of their customer base on high prices and at significant risk to advances from competitors easily able to offer substantial discounts. This is market and competition economics at work.

A prohibition on auto-rollovers will result in:

- businesses no longer being trapped into contracts they didn't actively choose, thereby,
- allowing more customers to switch more easily, resulting in,
- more competitive prices across all suppliers in order to avoid attrition due to increased ability to switch combined with a more customer oriented TPI market, and
- customers consciously choosing variable products, which gives suppliers greater certainty about the volume of energy to purchase to service (i.e. hedge) those variable contracts.

However, low variable product prices are only achievable and sustainable if there's a prohibition on rollovers and thus all suppliers play by the same rules.

A two tier approach introduces unnecessary complexity for customers choosing a supplier, and gives a massive competitive advantage to those who do not abolish Auto-Rollovers and use that war-chest (secure cash flows and higher rates charged under auto-rollovers) to cross-subsidise acquisition offers - a practise that suppliers who have abolished rollovers could not match.

If Ofgem allow this disparity in the market to continue, by not banning auto-rollovers, then the market will be compelled over time to regress to an auto-rollover model.

We believe that the Auto-Rollover product is so disliked by customers that a partial retention even with additional controls would continue to have a toxic effect on trust in the supply market. Allowing some parts of the energy supply market to continue using rollovers, while others do not, will leave suspicion by association. Only an outright ban will restore confidence equally across the market.