

Meghna Tewari  
Senior Economist  
Ofgem  
9 Millbank  
London  
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31 March 2014

Dear Meghna,

**Re: Proposals for non-domestic automatic rollovers and contract renewals –  
Consultation Response from Opus Energy**

Please find below the response from Opus Energy Limited to the above consultation.

***CHAPTER 2: Automatic rollovers and contract renewals***

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

We agree with the above proposals. However, we may have difficulty amending our IT systems before August 2014 to implement this change.

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

We are happy to implement the above proposal.

We have some concerns that the inclusion of too many rates on the renewal letter could be confusing. The proposed licence condition would require three different sets of rates to be displayed on the renewal letter. Feedback from customers gained through focus group sessions on the new format of bills (for the RMR change) suggested customers like to be able to quickly and easily find the information they need. For example, the focus group felt it was important to be able to quickly find on a bill how much the bill is for and how much money is due rather than have this mixed in with energy consumption information etc.

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

We agree with the above proposal. This is a practice that we already carry out.

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

We are happy to implement the proposals by August 2014 except the shortening of the maximum termination period which may be difficult to achieve by this date. This is because this change affects the Relevant Date and the process by which contract renewals are carried out. We would prefer a longer timetable for implementation of this if possible.

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

No.

***CHAPTER 3: Deemed and out-of-contract terms***

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

We agree that the current licence conditions provide sufficient protection to consumers on deemed contracts.

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

We agree that more consistent use of terms would benefit consumers and we have engaged with an industry group tasked with achieving this.

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

No. We do not think that a supplier should be able to object to the transfer of a deemed customer with outstanding debt.

Ofgem's research on this topic found that some larger suppliers leave electricity customers on deemed rates for an average of 441 days and gas customers for 373 days. Over a year in both cases. If suppliers are allowed to object for debt, (i) there is no longer an incentive for them to proactively contact customers who are supplied under deemed rates to encourage them to switch to cheaper fixed term rates; and (ii) the customer's transfer to a new supplier will be delayed further, causing the customer to be subjected to a further, extended period of deemed prices while the payment situation is resolved.

A lot of switching activity occurs amongst customers who are moving into a new property. In this situation a debt has nearly always accrued since the customer is often unaware of who their supplier is until they receive a bill and get a payment method set up. If larger suppliers are allowed to object to debt, it will give them an opportunity to block the transfer of these customers and carry out win back activity. This will significantly reduce the level of switching in the small business sector.

**CHAPTER 4: Options we considered**

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

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

We agree with the proposals that have been outlined. We do not believe banning rollovers is appropriate since it removes choice from customers, is advantageous to the 'Big 6' and is damaging to competition.

Ofgem's research shows that industry improvements made to ensure microbusiness autorenewals are fair have been effective. The level of customer satisfaction amongst those who had been rolled was higher (at 86%) than those who had not (83%); but in both cases customer satisfaction levels could be considered to be high.

A ban in rollovers will now only damage those customers whose preference is to purchase this type of product.

In summary, we consider the RMR policies which have been implemented to date, particularly when supported with the obligation to publish end dates on each monthly bill, and when combined with the further proposals outlined in the consultation document, provide the best solution for all customers within the industry.

Please do not hesitate to call me on 01604 673179 with any queries.

Yours sincerely

Gemma Trembecki  
**Regulations Manager**