

Meghna Tewari  
Senior Economist  
Retail Markets Policy  
9 Millbank  
London  
SW1P 3GE

Nondomestic.rollovers@Ofgem.gov.uk

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**Dear Meghna,,**

**Total Gas & Power Ltd (TGP) - Response to the consultation on proposals for non-domestic automatic rollovers and contract renewals**

Thank you for providing TGP with the opportunity to respond to the consultation on “proposals for non-domestic automatic rollovers and contract renewals”.

TGP is the largest Industrial and Commercial (I&C) gas supplier in the UK and a major supplier to the I&C power market. TGP is active in all areas of the I&C market including small micro-business, the wider SME market through to larger blue chip multi site customers and large industrial businesses.

Should you wish to discuss any aspect of our response further please do not hesitate to contact me,

Regards

Andrew Green

Head of Regulation  
Total Gas & Power Ltd



## **TGP response on automatic rollovers and contract renewals**

### **Proposal:**

*Ofgem propose to amend existing rules to allow a maximum termination notice period of 30 days. This would reduce the current maximum from 90 days. Suppliers will have to send renewal letters to micro-business consumers around 60 days before a fixed-term contract ends.*

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

In principle TGP agrees with standardising the termination notice at 30 days across the industry as this will be easier for customers to understand and give a consistent approach across suppliers.

### **Proposal:**

*Ofgem propose that the renewal letter must include the prices paid by the consumer under the current fixed term, alongside the new prices which would apply from the renewal date. This letter must also include the consumer's annual consumption details (or a best estimate). As per the existing obligations of standard licence conditions 7A and 7B this information must be set out in plain and intelligible language and communicated fairly.*

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

Yes, this should provide more focus on changes to prices which will help customers understand the impact of their new contractual position. However it should be noted that the market conditions under the previous contract will be different to the prevailing market conditions when the contract is renewed so the prices will differ.

### **Proposal:**

*Suppliers must give customers confirmation in writing within five working days of receiving a termination notice.*

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

Yes, this should be good practice anyway.

### **Implementation**

*Ofgem propose these changes would take effect from 31 August 2014. For contracts entered into before 31 August 2014, the proposal for a maximum termination notice period of 30 days would apply when a micro-business consumer enters into a new contract, or when the contract is extended in any way.*

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

Yes



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

No comment

## Deemed and out-of-contract terms

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

Yes

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

Yes, this would provide more clarity.

*Suppliers highlighted the higher risk of non-payment as the reason for higher deemed and OOC rates. One estimated that half of deemed customers are in debt and the average balance owed by those who left was £1,500. For deemed contracts, suppliers cannot object to the transfer of a customer with outstanding debt. Some suppliers have indicated that deemed prices could be lower if they were able to object for debt.*

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

TGP does not think that suppliers will need the ability to object on the grounds of deemed debt – There are other routes of debt recovery available to suppliers.

## Options Ofgem considered

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

No

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

Yes, we strongly believe that a ban would lead to more customers being on out of contract rates and that this would lead to more customer complaints. A ban on rollover contracts would not generally be in the interest of consumers.

**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.

There would be some cost to implement but we do not expect these to be of significance.

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

No

