



Submission from Aberdeen & Grampian Chamber of Commerce
Statutory consultation on non-domestic automatic rollovers and contract renewals

1.0 Introduction

Aberdeen & Grampian Chamber of Commerce (AGCC) is North-east Scotland's leading private sector, member-focused, business organisation. The Chamber represents more than 1,300 businesses with 130,000 employees in the region across a variety of businesses sectors including energy, business services, tourism and food and drink.

AGCC welcomes the opportunity to comment on the final proposals to improve information energy suppliers provide to micro-businesses when they renew an energy contract. According to research conducted by AGCC, energy usage accounts for up to 10% of the annual costs of doing business and any actions which makes it easier for customers (both business and consumers) to get a competitive price should be welcomed.

The costs of energy is a major concern for business. 28% of businesses believe that rising energy costs has negatively impacted on their growth. Therefore, any recommendations which makes the price of energy more transparent, and makes it easier businesses to compare prices between suppliers, should be welcomed.

2.0 Maximum 30 day termination notice period

AGCC notes the recommendation to reduce the maximum termination notice period for micro-business customers from 90 to 30 days and welcome this proposal.

The Energy and Utilities Survey conducted by AGCC found that a tenth of respondents experienced difficulties when trying to change to a new energy contract. This is an unacceptable number and should be addressed by Ofgem. The current notice periods makes it more difficult for businesses to switch as it requires. Many micro-businesses are too busy doing business to meet this requirement and so will remain with their existing supplier which often does not give them the best price for their energy usage.

AGCC agrees that a shorter notice period will be beneficial for businesses, allowing them to seek a new deal with an alternative supplier within an acceptable timescale.

3.0 Details on renewal letters

AGCC agrees with the proposal that renewal letters must include additional information on annual consumption, the prices which apply to the current contract and the prices that would apply if the contract rolls over or is not renewed.

Two fifths of businesses in the AGCC research had difficulty understanding their energy tariffs and there is a clear need for businesses to be more transparent about their tariffs. These proposals will make the energy companies more transparent and allow businesses to compare potential suppliers more easily.



4.0 The decision not to ban automatic renewals

We accept Ofgem's reasons for not making the decision to ban automatic renewals, which is based on research gathered through the 2013 business consumer survey. However, we do welcome that Ofgem will investigate whether automatic renewals remain a problem in six months' time.

The fact that many businesses who are automatically renewed because they did not contact their energy supplier during the renewal process indicates there is a need for a marketing campaign. Businesses should be made aware that they have the right to renegotiate their contacts and that they should do this within a certain timeframe in order to get the best deal.

Ofgem should take the initiative on this issue and reach out to businesses, potentially through business organisations such as Chambers of Commerce, to make businesses better aware of the changes being made, and to make engaging with the energy companies less intimidating.

5.0 Next steps

AGCC's policy team would be happy to discuss this matter in more detail. Please contact the team using the information below.

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