

## **Proposals for Non Domestic Automatic Rollovers and Contract Renewals**

### **Submission from the Association of Convenience Stores**

ACS (the Association of Convenience Stores) welcomes the opportunity to provide evidence in response to this consultation. ACS represents 33,500 local shops across the UK (Annex A). The nature of convenience retail, with long operating hours, necessary use of refrigeration and other equipment, means that energy costs are a critical factor in the viability of a convenience store business. It is therefore crucial that the non-domestic market operates competitively and that unfair practices are regulated against. ACS supports Ofgem's focus on the issue of rollover contracts and the specific focus on non-domestic customers within the consultation.

ACS welcomes the rules set out by Ofgem to regulate the activity of suppliers with regard to automatic rollovers. However, we firmly believe that the option of banning automatic rollover contracts should be explored. We share Ofgem's concern that the practice of automatically rolling over a customer's contract 'may be unfairly penalising customers who do not actively engage with their supplier at contract renewal' and are keen to see this feature of the marketplace removed.

#### **Notice Periods**

In our previous submission to the consultation process, we stated that the maximum termination notice period for suppliers should be consistent across the board. By reducing the required period that microbusinesses have to give to terminate a contract to 30 days, regardless of which supplier they are with, there will be less confusion in the market and businesses will be able to go through the same process every time they want to switch. As such, we support this proposal.

#### **Annual Consumption and Current Prices**

We believe that transparency is an important part of the renewal process between suppliers and business customers. While many small businesses are aware of their energy consumption and monitor their consumption on a regular basis, there are also many that will be unaware of the amount of energy that they are using. The benefits of including the annual consumption and price comparisons on renewal letters are two-fold. Firstly, the business owner is incentivised to contact either their supplier or a new supplier to negotiate a contract with all of the information that they would need to do so. Secondly, by including prices and annual consumption rates, convenience retailers (who have above average energy consumption rates due to the large amount of refrigeration, lighting and other electrical equipment which are integral to the running of the store) may be encouraged to make investments and change behaviour in-store to save energy and money in the long term. We fully support this measure.

We fully support Ofgem's proposal to require suppliers to acknowledge termination notices received from small business customers. As the consultation document states, this is a simple procedure for suppliers to put in place which provides assurance to microbusinesses that their contract will not be automatically extended. We welcome Ofgem's clarification that suppliers will be required to acknowledge receipt of a termination notice in writing, and within five working days.

### **Ban on Rollover Contracts**

In the consultation document, Ofgem state that they are 'concerned about the price differences charged by a very small number of suppliers between auto-renewed contracts and contracts agreed with the customer', suggesting that there will be a six month period where evidence will be gathered on contracts renewals to see if the problem continues in the market.

We believe that this evidence gathering process should be comprehensive and transparent, and that Ofgem should publish details of their methodology for gathering evidence along with a list of suppliers that they are gathering evidence from. At the end of this six month period, if there is **any** evidence of suppliers rolling their customers' contracts onto higher rates, Ofgem must propose an outright ban on rollover contracts for all suppliers through the licence conditions.

If you have any further questions or comments regarding this submission, please contact Chris Noice on 01252 533013 or email [chris.noice@acs.org.uk](mailto:chris.noice@acs.org.uk)

### **Annex A – Association of Convenience Stores**

ACS is the trade body representing the interests of over 33,500 convenience stores operating in city centres as well as rural and suburban areas. Members include familiar names such as Martin McColl, Spar, Nisa Retail and The Co-operative Group, as well as independent stores operating under their own fascia. Our members operate small grocers, off-licence or petrol forecourt shops with between 500 and 3,000 square feet of selling space.