

Hi Meghna,

Please refer back to our response to your earlier consultation on this for a fuller response. You will recall that we supported your proposals to limit notices and termination windows as sensible reforms. As you say they will benefit all consumers, regardless of their supplier's rollover policy. We are pleased that you are looking at the punitive nature of the relevant suppliers' rollover rates as well as pushing for much clearer renewal letters – indeed we have sent you examples of why this is necessary recently. We would however urge you again to look at the fundamentals of out of contract pricing also – does 80% higher as you assert really reflect the risk of a business just recently in contract with said supplier for example?

Regardless, Ofgem will be aware that we (as energywatch then Consumer Focus/Futures) supported, with several key caveats, a ban on rollover contracts when Ofgem undertook its Probe. The 2010 Probe changes, which limited the rollover period to twelve months, were an improvement, but we felt at the time that they did not go far enough.

We continue to believe that the fundamental arguments against (or for) a ban have not changed. We have always viewed rollovers, especially at high levels, as a symptom of market failure rather than a discreet issue in itself. High numbers of rollover are a result of disengaged consumers. They also allow suppliers to lock in customers by fiat rather than through providing them with a compelling offer. Rollovers do not have to last for twelve months; our preferred solution would be retained “rollovers” in some form (this could include out of contract rates, the semantics are not important – though the high rates are) as long as consumers can leave at any time without penalty.

Rollovers are part of a policy area we have attempted to push in new directions by our advocacy of evergreen/continuous tariffs for the smallest businesses and new publishing of prices. It is important that all stakeholders note that banning or not banning rollovers will not in itself solve many of the issues of engagement and confusion that undermine the non-domestic market. Tariffs that actually suit consumers' needs will, and we are working with suppliers to help develop them.

Recent moves by some suppliers to voluntarily restrict their use of rollovers shows that the industry is capable of moving on this issue. However, the differing policies adopted by suppliers have also complicated the debate further. We understand that some suppliers made voluntary moves to cease rollovers, based on the assumption that Ofgem was about to take decisive action to ensure a level playing field and real competition. Whilst none of these suppliers have announced plans to resume rollovers, it should be noted that their commitments were voluntary. We will be interested to see how these suppliers respond over the next few months given your decision here.

Best,

Andrew Hallett
Policy Manager
Consumer Futures

Citizens Advice
200 Aldersgate
London
EC1A 4HD

