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Dear Meghna

**Statutory consultation on non-domestic automatic rollovers and contract renewals**

Please find attached our response to the above consultation.

The response is non-confidential.

Yours sincerely

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## **Statutory consultation on non-domestic automatic rollovers and contract renewals**

### **Response by E.ON**

We support many of the proposals in the consultation as in our view they will improve customers' perception of the industry and trust in suppliers. We are pleased that Ofgem have delayed the implementation date for the changes to 31 March 2015. However as we set out in our response we required 9 months from the date of the statutory consultation to the go live date so shortening the implementation period to 8 months will be a stretch.

### **Automatic Rollovers**

As Ofgem are aware E.ON discontinued automatic rollovers for all business customers from 31 March 2014. We remain disappointed that Ofgem have chosen not to ban the practice outright at this stage. As we pointed out in our previous response, research conducted by E.ON shows that our customers overwhelmingly would prefer not to be rolled over<sup>1</sup>. We note Ofgem's intention to keep the situation under review over the course of the next 6 months. To address your concerns we would recommend that Ofgem issue industry guidance for consultation on the practices that need to change for those suppliers who still conduct auto rollover.

### **Maximum 30 day termination period**

E.ON already has a 30 day termination period in our SME contracts. Our corporate customers can leave without notice once their fixed term has ended.

### **Standardising renewal windows**

We support the proposal to have an industry standard renewal window for micro business customers.

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<sup>1</sup> 86% of E.ON's YourSay for Business Panel said that they did not favour auto rollover. Research conducted by E.ON in April 2013.

### **Additional information on renewal letters**

We support providing more information on renewal letters to help customers assess their renewal options. We are pleased to see that the regulations require more transparency around those offers with variable prices. We take this as a requirement for suppliers to provide greater transparency of any "pass through" third party costs. It would be helpful if Ofgem were to provide additional guidance on this point. We are disappointed however, that the regulations require the inclusion of current prices on renewal letters rather than an estimate of current annual costs. We believe this will make renewal letters more confusing<sup>2</sup> than they necessarily need to be.

### **Deemed Contracts**

We are disappointed that Ofgem will not consider changing the regulations to allow suppliers to prevent deemed customers with an outstanding debt balance switching supplier. The most likely consequence of this is that the costs of supplying deemed customers will remain high (associated with collection of debt and "writing off bad debt") and therefore deemed prices will continue to be higher than they otherwise could be.

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<sup>2</sup> They could include three sets of prices, current prices, default prices and a fixed term offer price. They could also refer to a fourth, prices that apply if the customer submits a termination notice and fails to leave the supplier at the end of their fixed term.