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Dear Meghna,

STATUTORY CONSULTATION ON NON-DOMESTIC AUTOMATIC ROLLOVERS AND CONTRACT RENEWALS

Thank you for the opportunity to respond to the above statutory consultation, dated 30 July 2014.

We are supportive of the proposals to provide additional protections for Micro Businesses within the contract renewal process and welcome Ofgem's revised timescales for their implementation.

We would however draw Ofgem's attention to an apparent minor error in the drafting. We consider that the reference to "Domestic" in the revised subparagraph b(ii) of the definition of "Annual Consumption Details" in Standard Condition 1 for Electricity Suppliers is incorrect and should be removed to ensure that the drafting meets the policy intent. The corresponding text for gas appears to be correct, however.

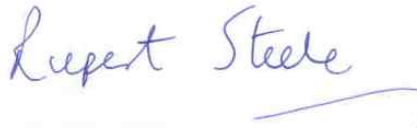
Within the consultation document, Ofgem have reaffirmed the decision not to ban automatic rollovers at this stage. We would like to take the opportunity to raise our concerns that this decision introduces a risk of creating a two-tier market for Micro Businesses, and gives an unfair advantage to those suppliers who continue at renewal to roll Micro Businesses automatically onto new fixed term contracts that have no free of charge option for the customer to leave prior to the end date. We would highlight that the market share of suppliers in the non-domestic market is very different to that in the domestic market. In particular ScottishPower is much more comparable to a smaller supplier in this market. We are therefore concerned that Ofgem's decision could put those suppliers who have voluntarily committed not to use auto rollovers at a disadvantage to other suppliers who have not made such commitments and in many cases are of a similar size.

We were pleased to note that Opus Energy, one of the largest "small" suppliers, announced on 20 August 2014 its decision to end automatic roll-overs. It will be important, if Ofgem's policy is to have credibility, that other such suppliers follow Opus' lead.

We were also concerned to read that the average bill on auto-renewal in April 2013 was a third higher than negotiated prices and that some suppliers charged significantly more. This suggests that some suppliers have been exploiting automatic rollovers to the disadvantage of customers. It will therefore be important that Ofgem keep the prospect of a ban on automatic rollovers on the table, and that over the next six months it monitors both the pricing of automatic rollovers and the extent to which further market participants step forward and end their use. It should be made clear that a ban is very much on the cards unless significant progress is made on both fronts.

Should you wish to discuss any of the above points, please contact me, or get in touch with Gareth Williams (gareth.williams@scottishpower.com) on 0141 568 3930.

Yours sincerely,



Rupert Steele
Director of Regulation