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22 August 2014

Dear Meghna

Statutory Consultation on non-domestic automatic rollovers and contract renewals

Thank you for the opportunity to respond to Ofgem's final proposals on the information provided to micro business customers (MBCs) when renewing their energy contract. We agree on the need to ensure that MBCs are best informed of contract information, as is the case for all our customers, and that this sentiment should be shared by other suppliers

Through feedback from our customers, we have already considered appropriate changes to ensure that clear and concise information is included with the statements we provide. This along with the decision to end automatic rollovers should give some indication that individual suppliers are best placed to consider and provide the best solutions for their customers needs without direct regulatory intervention.

Nevertheless, we aim to also meet Ofgem's policy intent and the solutions required for this have followed the requirements set out in the Retail Market Review; easily identified key dates and alternative options for when their contract comes to an end. We also think these responses are in keeping with the intent of the Standards of Conduct to ensure that MBCs are treated fairly.

Maximum 30 day termination notice period

SSE supports this final proposal. SSE already allows its MBCs to terminate up to 30 days before their fixed term ends. We also deliver a renewal letter around 60 days prior to the



fixed-term contract ending. Consistency across the industry would be beneficial as customers could make decisions based on the same standards regardless of their supplier.

Current prices and annual consumption details on renewal letters

Our renewal letters already direct the customer to our business website to view both our deemed and variable business rates (VBR). Both our VBR and deemed rates are subject to review and change. While Ofgem's intent is to provide the customer with the details to make an informed decision, the unintended consequence could be that they are made aware of individual prices which are no longer available at the time a new contract is negotiated.

Any change to prices during the term of the contract is presently covered by our terms and conditions where we maintain the right to pass any increased charges we receive. We give direction to view the deemed and VBR on our website.

Renewal letters including annual consumption information would be supported by SSE as it is in keeping with the customer being well informed of their expected costs. However, what should be noted is the impact that will be had on the form the renewal letters take. The inclusion of this type of comparison information will naturally increase the length of the correspondence issued. The costs of changing the letter format and implementing its production should not go unrecognised.

Acknowledging termination notice

The acknowledging of a termination being another proposal which is intended to keep customers informed of the status of their account and aiding their decision making is not lost on SSE. With that being said, we believe there are more effective ways of confirming the customer's contract status. As part of SSE's RMR solution, we now keep all of our business customers, who are on fixed term contracts, continuously informed of their contract status via messages on their bills. We update the messages to inform the customer when they have renewed or terminated their contract and what they should do next. We will also apply messages to prompt those business customers who have not yet taken any action. We believe this solution is a more effective way of keeping the consumer engaged and informed of their contract options. The creation of 'one-off' notices increase the potential costs involved which would ultimately be passed to the consumer.

Customers' bills are issued regularly, they are expected by customers and so are most likely to be read and fully considered. As such, they are the best option to inform customers of their contract status.



We continue to believe that the requirement to send out an acknowledgement need only apply where the customer can be automatically rolled over. Our practise is that those customers coming to the end of their contract are moved to our variable business rates which they could then leave without any penalty. This decision has removed the usual purpose of a termination notice as indicating a preference to have the contract rolled over and by extension, the need for any acknowledgement.

Regarding the inclusion of additional price and annual consumption information, SSE could implement these changes in time for 31 March 2015. The decision letter does not specify when the acknowledgement of termination notice will need to be applied and we would welcome clarification on this.

We would be happy to discuss the details of our response further with Ofgem. Please let me know if you require any further assistance.

Regards

Josh Henderson
Regulation