

It's now easier for micro-businesses to review their options at the end of a contract.

Businesses can make big savings
by switching energy supplier.

What's changing?

We have introduced new rules to simplify the contract renewal process for micro-business consumers. These will make it easier for customers to compare prices and find a better deal for their energy.

Since 30 April 2015:

- the **maximum notice period** for terminating a micro business contract has been **reduced from 90 to 30 days**¹;
- suppliers must include the **current prices, new prices and annual consumption on renewal letters** for fixed-term contracts to make comparisons easier; and
- **suppliers must** take all reasonable steps to **acknowledge** termination notice within five working days of receipt.

Micro-businesses on fixed-term contracts should now receive a renewal letter from their supplier around **60 days before it ends**. You should check the terms and conditions of your contract or your last bill or statement of account if you are not sure when your contract ends or when you need to give notice.

If you don't have a fixed-term contract you should consider contacting your supplier or switching to get a better deal. Fixed-term contracts are usually cheaper.

3 STEPS to avoid paying more than you need to for energy

- 1 **Check your contract end date and notice period.** This will be on your bill or statement of account.
- 2 **Read your renewal letter.** This will tell you your current prices, the prices for the next contract and your annual consumption.
- 3 **Find a good deal.**
 - Talk directly to your current supplier. You can normally get a better deal if you negotiate with them, rather than accept the offer in your renewal letter
 - Search other suppliers to compare offers
 - You can use a third party intermediary, to help you search across a number of suppliers at once.

¹ Your supplier can still require up to 90 days' termination notice if your contract started before 30 April 2015.

What else do suppliers to micro-businesses have to do?

If you have a fixed-term contract, suppliers must print your contract end date and the last date you can terminate on your bill or statement of account. They must also tell you can give notice any time before the last termination date.

When you agree a supply contract, the supplier must send you the terms and conditions and renewal terms within ten days.

What's a micro-business?

There are around 1.6 million micro-business energy consumers in Great Britain. Your company is a micro business if it:

- employs fewer than ten employees (or their full time equivalent) and has an annual turnover or balance sheet no greater than €2 million, or
- uses no more than 100,000 kWh of electricity per year, or
- uses no more than 293,000 kWh of gas per year.

As a guide, those levels of electricity or gas would cost around £10,000-12,000 per fuel (excluding VAT²) per year.

Your business will qualify as a micro-business for both gas and electricity if it meets the employee and turnover or balance sheet criteria. If your business qualifies for only one of the consumption criteria, it is only a micro-business for that fuel.

Suppliers must take all reasonable steps to identify whether you are a micro business. Your supplier may ask you for the number of employees (full-time equivalent), the turnover and energy consumption of your business if it does not have this information. Alternatively they may decide to automatically treat you as a micro-business. Many suppliers also apply the micro-business rules to larger businesses.

What happens at the end of my contract if I don't contact my supplier?

This will depend on the terms of your contract. Many suppliers no longer automatically renew micro-business contracts for another fixed-term period.

If you don't agree a new fixed-term period or switch to another supplier, they will continue to supply you, usually at higher prices. You may still have to give notice and pay any outstanding debt before you can change supplier.

Some suppliers still automatically renew business contracts onto a new fixed-term for a maximum of one year. You should check the terms and conditions if you're not sure, as you may not be able to switch until the end of the new fixed-term, or have to pay an exit fee if you want to terminate the contract early.

Prices for automatic renewals are usually higher than if you negotiate a contract, so you should contact your supplier or other suppliers to check if they can offer you a cheaper deal. If you don't want your contract to be automatically renewed for another fixed-term, you can send notice to your supplier from day one of the contract.

Where can I find more information?

There's more information for business consumers on our website

For information on contracts see

<https://www.ofgem.gov.uk/information-consumers/business-consumers/energy-contracts-businesses>

For information on switching see

<https://www.ofgem.gov.uk/information-consumers/business-consumers/switching-your-energy-supplier>

For information on complaints and enquiries see

<https://www.ofgem.gov.uk/publications-and-updates/non-domestic-micro-business-customer-complaints-and-enquiries>

Third Party Intermediaries: What your small business needs to know

<https://www.ofgem.gov.uk/ofgem-publications/83822/481tpifacsheetmarch15web-pdf>

You may also find it useful to visit the Citizens Advice website at

www.adviceguide.org.uk

² Find more information about VAT for fuel and power at <https://www.gov.uk/government/publications/vat-notice-70119-fuel-and-power>