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Dear Jonathan,

### **Ofgem statutory consultation: Supplier Guaranteed and Overall Standards of Performance**

We note with concern that Ofgem does not propose extending Supplier Guaranteed Standards of Performance (GS) coverage to micro-business customers in respect of metering and disconnection / reconnection arrangements.

The arguments against doing so include claims that business sector arrangements are quite different compared to the domestic sector and that micro-businesses can negotiate bespoke tariff arrangements which could include performance-related compensation arrangements. The FSB has major concerns with these assumptions.

Micro-businesses are treated differently to domestic customers in a variety of areas across the energy market. That they *are* is deeply unfair in many cases. This has been a major theme within the wider debate around energy market reform, with the FSB leading calls to treat small and micro-businesses more like domestic consumers. The average micro-business energy bill is less than £2000 per year, similar to that of a domestic consumer. And like domestic consumers, they have little expertise, time or resource outside of their day-jobs. They struggle to understand and compare the complex tariffs offered by energy firms and the resultant lack of clarity and trust in the market means they often fail to negotiate the best possible deal. Ofgem have, to a large extent, supported this view.

Given the problems experienced by small and micro-businesses in the energy market, it is unsurprising that the FSB has received little evidence that many of our members negotiate performance-related compensation as part of their bespoke tariff arrangements. We would like to see clear evidence to the contrary before these customers are excluded from the protections offered by Standards of Performance for metering and disconnection / reconnection arrangements.

We also note the concerns amongst some energy suppliers that micro-businesses would often expect far higher levels of compensation than domestic customers because of the likely financial impact to them of service failures. This simply demonstrates the importance of providing a good and consistent service, especially for small business customers. We are not persuaded that this means GS payment would not be appropriate while individually negotiated performance related compensation *would* be appropriate. And we do not see why this would be a valid service level for keeping appointments, but not for metering and disconnection / reconnection.



**Federation of Small Businesses**  
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We welcome Ofgem's decision to provide GS coverage to micro-businesses in respect of keeping appointments for both electricity and gas suppliers. However, we strongly urge Ofgem to reconsider their proposal to not extend this to cover metering and disconnection / reconnection arrangements.

In a recent FSB membership survey, 81 per cent of our members told us that energy suppliers don't care about their needs. It is clear that more work needs to be done to gain their trust. Removing some of the few protections micro-businesses have when dealing with their suppliers will be seen as a retrograde step.

We trust that you will find our comments helpful and that they will be taken into consideration. Please do let me know if you would like to discuss this further.

Yours sincerely,

Allen Creedy  
Chairman of the Environment, Energy & Water Policy Unit  
Federation of Small Businesses