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Dear Jonathan,

Microbusiness Strategic Review: Policy Consultation

Drax Group plc (Drax) owns two retail businesses, Haven Power and Opus Energy, which together supply renewable electricity and gas to over 350,000 business premises. Drax also owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. This is a joint response on behalf of Haven Power and Opus Energy. This response is not confidential except for appendix 2 which contains confidential and commercially sensitive costing information.

We welcome Ofgem's review of the microbusiness market, as we believe it's important that microbusinesses can get a good deal from the market and receive appropriate protections. We agree with Ofgem's underlying objectives, but the proposed design for several of the interventions is complex, burdensome and will be unlikely to achieve the desired outcome. Indeed, the more burdensome the interventions are, the less resource (both capital and human) Suppliers will have available to invest in improving customer service, to fund innovation and ultimately give consumers of today and tomorrow a better experience. We've suggested adjustments to some of Ofgem's proposals with that in mind; reducing the burden while achieving the same outcome.

In summary, our views on each of the proposed policy measures are:

- **Broker Conduct Principle** - We support action being taken to better protect microbusinesses from the poor practices of some brokers, but don't believe quasi-regulation by Suppliers presents a credible and enduring solution. It doesn't reflect the reality of the relationship between Suppliers and brokers in the market, and consequently the reality that Suppliers will not have the requisite influence over brokers for this approach to be universally effective. Having said that, we do support this proposal as an interim step, on the basis that it's better than the status quo. However, its implementation should not detract from the need for direct regulation of brokers when Ofgem has the legislative powers to do so.
- **Broker Dispute Resolution** – We're fully supportive of the proposal to introduce a Broker Dispute Resolution scheme, as we feel it would incentivise improvements in broker practices and afford customers an easier route to escalate and resolve complaints. For it to be effective, it's important that the scheme uses the same entity as the Supplier Alternative Dispute Resolution (ADR) scheme (i.e. the existing Energy Ombudsman), as that will both realise economies of scale and scope, and avoid unnecessary complexity for consumers if a complaint involves both a broker and a Supplier.

- **Informed Contract Choices** – The Informed Contract Choices proposal would be redundant if the Broker Conduct Principle and broker ADR scheme is implemented effectively. The sales practices that this proposal seeks to address would be sufficiently covered under the proposed extension to the "Standards of Conduct" licence condition. Similarly, the prescriptive requirement to keep records for 2 years is unnecessary as the burden-of-proof under the ADR scheme (as indeed it does under Ofgem enforcement action) will fall upon the broker, just as it does upon Suppliers. There will therefore be sufficient incentive on parties to maintain appropriate records without the need for a prescriptive obligation. Given this proposal is not additive, it should not be implemented.

- **Broker Commission Transparency** – We fully support commission transparency, but the proposal in its current form will be burdensome to implement. The *format* in which commission amounts are made transparent to customers needs to be simple, intelligible and most importantly recognisable. An overly prescriptive obligation will not enable the necessary flexibility to meet those customer needs. Similarly, the timing of when those amounts are provided to customers needs to be when most useful to them. The *provision* of commission payments should therefore, as a principle, be prior to contractual agreement, and not on every bill. To include it on every bill increases the burden, cost and complexity, but with no offsetting benefit, as it would not preclude the need for customers to refer to their full contractual terms and conditions when considering to renew or change Supplier.

- **Cooling-off Period** – We do not support this proposal. The costs of implementing a cooling-off period in the non-domestic market far outweigh any benefits to the few consumers who may seek to enact such cooling-off rights. Notwithstanding the considerable implementation costs, this proposal will have the unintended consequence of negating the benefits of the Faster Switching programme, as Suppliers will be perversely incentivised to offer unattractive terms to those customers who want to switch quickly in order to avoid the administrative burden and hedging risk. Alternatively, introducing a broker ADR scheme, will be a far more cost effective and efficient way of achieving the same outcome, i.e. protecting consumers who have been mis-sold.

- **Contract Extensions** – In its proposed form, this proposal would be costly for Suppliers to implement whereas the same outcome could be achieved in a simpler way. We recommend a principle-based obligation is introduced instead, such that, Suppliers ensure microbusiness' do not incur additional charges as a result of an invalid or erroneous objection. We see no justification for the obligation to apply if the Supplier's objection is valid based upon the bilaterally agreed contractual terms.

- **Banning Notification Requirements** – We support this proposal. We agree with Ofgem's conclusion that eliminating termination notices should reduce the administrative burden on microbusinesses, Suppliers and brokers.

Our responses to the specific questions in the policy consultation are provided in Appendix 1 and our responses to the questions in the associated impact assessment are provided in Appendix 2. We would welcome the opportunity to discuss our response with you further.

Yours sincerely,

Matt Young

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Appendix 1: Consultation Questions

Awareness: Knowing about opportunities and risks
General remarks
We agree with Ofgem's assessment that there are gaps in customers' understanding of the energy market and are fully supportive of Ofgem's proposal to work collaboratively with consumer groups to improve awareness levels.
Question 1: What are the most effective ways to ensure that microbusinesses can access key information about the retail energy market?
There are extensive regulatory obligations already in the Supply licence designed to raise awareness and engagement of microbusinesses through the provision of useful and/or important information, at the appropriate time, in a clear form. However, relying solely on Suppliers to raise awareness isn't likely to be as effective as utilising a number of sources, particularly trusted independent parties such as Citizens Advice. There may be benefit in introducing a guide to the energy market targeted at informing microbusinesses about how they can/should engage with the market and what their rights and obligations are. As well as raising awareness of consumer protections, the guide could highlight actions consumers can take to get the best outcomes, such as getting a Smart meter and ensuring value for money from TPI services. It could also include troubleshooting guidance, hints and tips, and highlight potential pitfalls to avoid. This guide could be held and maintained on the Citizens Advice website and signposted to by Suppliers in appropriate customer communications.

Browsing: Searching for deals
General remarks
We recognise several of the challenges that stakeholders have pointed to in the market and acknowledge that without intervention they could impact microbusiness' ability to effectively search for the right deals. Those challenges however are not because of Suppliers' practices, nor the supposed complexity of the market or Supply contracts, but rather stem from the role that TPIs play in the market and the lack of regulation around their practices. We therefore fully agree with Ofgem's conclusion that it is imperative microbusinesses are provided with their Principal Terms in advance of agreeing a contract, and that the direct cost of the TPI's services is clear, so that consumers can make an informed choice. However, we do believe the commission transparency proposal should be adjusted to make it less complex for suppliers to implement and more useful for consumers.

Question 1: Do you agree with our proposal to strengthen the requirements to present a written version of the Principal Terms to customers?

Yes, we agree that making this information available to customers prior to entering into a contract – either verbally or in writing - is imperative as it enables the customer to make an informed choice.

Question 2: Do you agree with our proposal to require that suppliers disclose the charges paid to brokers as part of the supply contract, on bills, statements of account and at the request of the microbusiness customer?

We agree that Suppliers should be obliged to disclose the charges to be paid to brokers as part of the supply contract at the request of the customer and in advance of agreeing a contract. However, we disagree with the requirement to disclose commission on every bill and statement of account.

In our experience, increasing the complexity and length of bills doesn't benefit the customer or increase engagement. There are also significant system and resource costs associated with adding this information to bills (*refer to our cost analysis provided in Appendix 2 - section d*).

Commission transparency should be a principle-based obligation, rather than prescriptively defined, allowing Suppliers to decide which engagement point is the most appropriate to bring commission to the attention of the customer in the right format.

Timing of disclosure

The timing of when commission amounts are provided to customers needs to be when most useful to them. The provision of commission payments should therefore, as a principle, be prior to contractual agreement, i.e. at acquisition and renewal. We believe disclosing commission in this targeted way would be more effective (and cost efficient) than on every bill where it may detract from other more pertinent information. To include it on every bill increases the burden, cost and complexity, but with no offsetting benefit, as it will not preclude the need for customers to refer to their full contractual terms and conditions (including but not limited to their Principal Terms) when considering to renew or change Supplier. If customers solely refer to the content of their bill, they will miss key contractual and legally binding information that could otherwise affect their rights and/or be to their detriment.

Format of disclosure

The format in which commission amounts are made transparent to customers needs to be simple, intelligible and most importantly recognisable to the customer, i.e. it needs to take a consistent form as that which the customer has agreed with their TPI (e.g. fixed £ amount versus £/unit amount) so that they are able to reconcile the amount. Mandating an overly prescriptive approach will not enable the necessary flexibility to meet those customer needs.

Application

The commission transparency requirement should apply to contracts agreed or renewed following implementation of this proposal, rather than to all microbusiness contracts retroactively. This is a more practicable approach that ensures the consumer is provided with the right information at the appropriate time, enabling them to make informed future choices. Applying commission transparency retroactively adds significant complexity, as Suppliers would need to try and unpick contracts and commission arrangements agreed (and paid) years earlier. Applying it retroactively would also likely drive considerable contact from

customers, some of whom may not have been in their position, or involved in the decision-making, at the time the existing energy contract was agreed.

Question 3: Do you think that further prescription or guidance on the presentation and format of broker costs on contractual and billing documentation would be beneficial? If so, how should broker costs be presented?

In addition to our answer to question 2, we do not support unnecessary prescription, but guidance may be beneficial to ensure the information is presented in a simple and intelligible way, and comparable with what the customer has agreed with their broker. Commission should be formatted in such a way that it gives a true and fair reflection of the commission built into the contract without the customer having to convert the information, i.e. if the customer agreed to a *pence per kWh* amount, it should be presented that way, rather than Suppliers converting that unit rate into an absolute £ amount based upon estimated consumption.

Question 4: What challenges do you think suppliers and brokers may face implementing these proposals?

One challenging aspect of implementing Ofgem's proposals is the variety of ways commission is structured. For example, *pence per kWh*, *pence per day* or a single fixed £ amount, are only a few of the commission structures used across the market today. Associated with this is the complexity of payment mechanics, which include, payments in advance, arrears, consumption reconciliations, clawbacks and penalties. Note that those payment mechanics have no consequence for the end customer as they will only pay their contractually agreed charges. Bespoke arrangements and incentives would add further complexity.

Another impractical, if not impossible, requirement would be to reflect "benefit of any kind". That could include costs associated with TPI relationship building activities, hospitality, etc. Doing that in a way that consumers would understand and recognise, without causing undue inbound contact and queries from customers, would likely be impossible.

The proposal to disclose commission on every bill and statement of account is likely to present the greatest challenge, as it would require complex and costly IT system changes. For example, we would need to convert different commission structures to apply for individual billing periods of dynamic length while factoring in actual versus estimated consumption.

Question 5: Do you have any comments on the associated draft supply licence conditions in Appendix 1 of this document?

The term "benefit of any kind" is far too vague and would be impractical to adopt. Moreover, the obligation should apply to commission directly linked to the contract and explicitly where it is being included and paid to the customer's agent on the customer's behalf, rather than for outsourced sales agents who work on Suppliers' behalf.

We suggest replacing the draft supply licence condition 7A.10C.1 and 7A.10C.2 with this more principle-based requirement [Note - Any reference to clarity of language is redundant and unnecessary as SLC 0A would apply to the provision of this information]:

- *"Where the licensee is seeking to enter into a Micro Business Consumer Contract, and in any event before any future contract is agreed, the licensee must ensure the Micro Business Consumer is informed that the Consumer's Broker receives remuneration, and the associated charges or amount*

(as applicable) that will be recovered from the consumer on behalf of the Broker for the services provided by the Broker in connection with the contract."

Question 6: Do you think there are other changes which would better address the consumer harm that has been identified?

Ofgem rightly highlighted the disruption and nuisance caused by unsolicited calls from brokers. However, the changes Ofgem is proposing won't address these telesales practices. While investigations by the ICO into cold-calling may tackle the more extreme cases, it's likely these calls (in general) will continue unabated. TPIs have a valuable role to play in the market, but without effective consumer protection in the form of direct regulation of TPIs, microbusinesses will continue to be exposed to poor telesales practices.

Additionally, the overly prescriptive rules governing the CMA's Price Transparency Remedy inhibit customers from browsing the market quickly and easily. We think Ofgem should permit Suppliers to seek additional 'primary information' from microbusinesses, to enable them to tailor a better initial quote.

Contracting: Signing up to a new contract

General remarks

We acknowledge several of the challenges that stakeholders have pointed to in the market and agree that targeted and proportionate intervention is both warranted and necessary to effectively tackle the underlying root causes and avert consumer harm. We also note that the overwhelming evidence points to issues stemming from broker conduct rather than Suppliers', whose behaviour is already regulated by the Standards of Conduct, amongst other provisions. As such, there is clear justification for, and resulting benefit of, direct regulation of brokers, but we have seen no evidence to justify further regulation of Suppliers.

Broker Conduct Principle

We support action being taken to better protect microbusinesses from the poor practices of some brokers, but don't believe quasi-regulation by Suppliers presents a credible and enduring solution. Nevertheless, we do support this proposal as an interim step, on the basis that it's better than the status quo, but only for so long as is required for Ofgem to attain the legislative powers necessary to regulate brokers directly.

Informed Contract Choices

The Informed Contract Choices proposal would be duplicative and redundant if the Broker Conduct Principle and broker ADR scheme are implemented effectively. The practices that the Informed Contract Choices proposal seeks to address would be sufficiently covered under the proposed extension of the "Standards of Conduct" licence condition to cover broker practices. As such, the proposed Informed Contract Choices obligations should not be implemented.

Cooling-off period

We do not agree that introducing a cooling-off period into the non-domestic market is proportionate or even warranted. We experience very few instances where microbusinesses seek to cancel a contract so soon after agreeing it and the Broker Conduct Principle will reduce this number further. Moreover, introducing a broker

ADR scheme alongside the existing Supplier ADR scheme, will be a far more cost effective and efficient way of achieving the same outcome, i.e. protecting consumers who have been mis-sold.

The costs of implementing a cooling-off period, over and above the other proposed interventions, far outweigh any benefits to non-domestic consumers.

Question 1: What do you think the impact of our proposal to introduce a broker conduct principle will be? Are there any particular reasons why suppliers/brokers couldn't achieve the broker conduct principle?

We don't believe regulation by Suppliers will be effective as it doesn't reflect the reality of the relationship between Suppliers and TPIs in the market (i.e. that TPIs work on behalf of their customers, rather than on behalf of Suppliers). Suppliers are unlikely to have sufficient influence or bargaining power to enact change in broker behaviour such that this approach becomes universally effective and enduring. In fact, given the number of Suppliers in the market that TPIs can choose to work with, we question the credibility that a broker conduct principle will in practice have any effect.

In our view, the proposed "regulation-by-proxy" approach simply risks creating a 3-tier market:

i. Risk-averse suppliers working with "good" brokers.
ii. Riskier suppliers continuing to work with unscrupulous brokers.
iii. Customers who pay brokers directly receive no protections. The proposed approach could influence brokers to change their business model so this becomes more prevalent.

It's currently unclear how Ofgem will monitor and enforce this principle in practice. If it does get implemented, Ofgem needs to be clear on its approach and robust in enforcing the new rules, but also proportionate recognising the inherent limitations that Suppliers themselves will face in influencing broker behaviour.

Question 2: Do you agree that our proposal to introduce specific sales and marketing requirements on suppliers and the brokers they work with is important to help customers make more informed choices and increase trust in and effectiveness of the market? If so, do you agree that face-to-face marketing and sales activity should be covered alongside telesales activity under these proposals?

We don't agree with this proposal as it would be redundant if the Broker Conduct Principle and broker ADR scheme are implemented effectively. The practices that the Informed Contract Choices proposal seeks to address would be sufficiently covered under the proposed extension to the "Standards of Conduct" licence condition.

Similarly, the prescriptive requirement to keep records for 2 years is unnecessary as the burden-of-proof under the broker ADR scheme (much like it does under Ofgem enforcement) will fall upon the broker as it already does upon Suppliers, i.e. there have been allegations of impropriety against you - supplier or broker - which you need to provide evidence to refute, otherwise the ADR scheme will likely find in favour of the consumer. As such, the proposed Informed Contract Choices obligations should not be implemented.

Question 3: Do you agree that our proposal to introduce a cooling-off period for microbusiness contracts represents an effective way to protect consumers during the contracting process? If so, do you agree that the length of the cooling-off period should be 14 days?

We strongly disagree with the proposal to implement cooling-off in the non-domestic market. As the majority of microbusinesses agree contracts well in advance of the start date, the costs of implementing cooling-off far outweigh any benefits to the few consumers who may seek to enact such cooling-off rights.

Moreover, once the new Faster Switching arrangements go live, Suppliers are likely to offer uncompetitive terms to those customers wishing to switch in less than 14 days (and thus who could enact cooling-off), as the Supplier would be exposed to operational costs and hedging risk. This would be both detrimental to customers who want to switch quickly and would negate the benefits expected from the significant investment being made in the Faster Switching programme.

We also have concerns that the cooling-off period will be exploited beyond the policy intent. For example, if customers are targeted during the cooling-off period to cancel contracts to take advantage of volatile price changes. This type of perverse incentive would result in additional risk premium being built into all microbusiness prices.

Introducing the proposed broker ADR scheme alongside the existing Supplier ADR scheme will be a far more cost effective and efficient way of protecting consumers who have been mis-sold.

Question 4: What challenges do you think suppliers and brokers may face implementing these proposals?

Broker Conduct Principle
The principle will be hard for Suppliers to enforce as brokers may simply choose to work with a Supplier adopting lower standards or with a different interpretation of the principle, as it will be less burdensome and costly for brokers to adapt their practices accordingly.

Informed Contract Choices
The record keeping element of the Informed Contract Choices proposal represents a significant change to the sector, particularly for brokers:

- A requirement to keep records for 2 years is disproportionate, as the majority of issues linked to the contract will arise well before that point.
- Ensuring brokers collect and then retain the information for 2 years would present a challenge, particularly with smaller brokers who do not have the capacity to either conduct call recordings nor store the associated large volumes of data.
- There are GDPR considerations around processing potentially excessive data, as well as data transfer risks associated with transferring information from a large number of TPIs to Suppliers.

Cooling-off Period
Neither Ofgem nor Suppliers have factored a non-domestic cooling-off process into their preparations for Faster Switching. The Faster Switching programme is well advanced and changing its design now will add substantial costs, which will ultimately be borne by consumers (*refer to cost analysis provided in Appendix 2 - section e*).

The process for non-domestic consumers cancelling a contract having already switched Supplier, would be more complex than in the domestic sector, not least due to multi-site and multi-meter arrangements and the

higher consumption volumes. There are also challenges with customers returning on the same rates, which would make cooling-off less straightforward to operate in the non-tariff based non-domestic market, as the prices and terms of the customer's original contract may no longer be available.

Question 5: Do you have any comments on the associated draft supply licence conditions in Appendix 1 of this document?

Broker Conduct Principle
The absolute nature of the proposed "*must ensure*" licence drafting is unreasonable. An "*All Reasonable Steps*" obligation is more realistic.

Informed Contract Choices
As highlighted in our response to Question 2, the proposed Informed Contract Choices supply licence conditions largely duplicate the Broker Conduct Principle and we therefore consider them redundant. If the record keeping element is deemed necessary, then we suggest the following supply licence condition should apply:

- *"Where a Micro Business Consumer to whom the licensee or Broker has provided information in the course of Face-to-Face Marketing Activities or Telesales Activities enters into a Non-Domestic Supply Contract with the licensee, the licensee must maintain or take all reasonable steps to ensure that the Broker maintains, an appropriate record of the information which it provided to that Micro Business Customer in accordance with this licence condition for an appropriate period of time."*

Question 6: Do you think there are other changes which would better address the consumer harm that has been identified?

These changes do not preclude the need for direct regulation of brokers in the longer term. This is the only approach that will universally address the consumer harm identified on an enduring basis. Ofgem should seek to work with BEIS to develop an enduring system of direct regulation of TPIs operating in the non-domestic market.

Dialogue: Two-way communication with service providers

General remarks

We're not aware of systemic issues caused by approaches to dialogue between Suppliers and consumers but we agree that such issues could be a cause for concern in the broker market. We therefore agree with Ofgem's conclusion that the absence of an independent dispute resolution function for complaints involving brokers is a protection gap that should be addressed.

Question 1: Do you agree that our proposal for a mandated ADR scheme represents an effective way to fill the existing consumer protection gap where a microbusiness has a dispute with their broker?

Yes, we're supportive of the introduction of a mandated Broker Dispute Resolution scheme. We feel it would incentivise improvements in broker practices as well as afford customers an easier route to escalate and resolve complaints in cases where brokers have not exhibited the right behaviours.

For it to be effective, it is important that the scheme uses the same entity as the Supplier Alternative Dispute Resolution (ADR) scheme (i.e. the existing Energy Ombudsman), as that will both realise economies of scale and scope, and avoid unnecessary complexity for consumers if a complaint involves both a broker and a Supplier. We also feel it would be fair and reasonable for brokers to bear the full cost of this service in the same way as Suppliers currently do for their equivalent scheme, i.e. by incurring case handling fees and any bad-debt from TPIs exiting the market being borne proportionately by all remaining TPIs.

Question 2: What challenges do you think suppliers and brokers may face implementing our proposal regarding dispute resolution?

- There may be unforeseen costs to Suppliers if they are required to take action to remediate a customer's complaint as a consequence of broker negligence, e.g. to reduce charges or allow a customer to exit a fixed-term contract.
- We would anticipate additional challenges (not least complexity of interactions) if the scheme was run by an entity other than the Energy Ombudsman.

Question 3: Do you have any comments on the associated draft supply licence conditions in Appendix 1 of this document?

The definition of Qualifying Dispute Settlement Scheme in 20.5B should make it clear that such a scheme must be "*approved by Ofgem as meeting its requirements".*

Question 4: Do you think there are other changes which would better address the consumer harm that has been identified?

We do not have an alternative solution that would better address the issue and associated consumer harm. Steps being taken by Ofgem and the Energy Ombudsman to test ideas and develop an ADR scheme appear positive at this stage. We look forward to seeing how the detailed scheme arrangements develop.

Exiting: Switching away from an old contract

General remarks

We agree with Ofgem that microbusinesses should be able to switch supplier without facing unnecessary fees or obstacles and that there shouldn't be any unnecessary contractual barriers to switch. In that regard, we acknowledge that the requirement to provide 30 days' notice to terminate a contract could present an obstacle to switching without any tangible countervailing benefit to consumers or suppliers and therefore support the proposed prohibition. However, we do not agree with the proposal for Contract Extensions. We do not believe any tangible consumer detriment has been proven that would justify this costly intervention.

Question 1: Do you agree that termination notice requirements represent an unnecessary barrier to switching and should be prohibited? If so, do you agree that a prohibition on notification periods should apply to both new and existing contracts?

Yes, we can see why termination notices might present an unnecessary barrier to switching. They can be an administrative burden for customers, Suppliers and brokers, with little countervailing benefit to parties. We therefore support the proposed prohibition on suppliers requiring a termination notice before terminating a

contract, and we agree that this should apply to both new and existing contracts, noting that terminating the contract does not (in and of itself) preclude suppliers from objecting to switches where they have other relevant contractual rights to do so.

Question 2: Do you agree that our proposal to require that suppliers continue to charge consumers on the basis of the rates in place prior to a blocked switch for up to 30 days represents an effective approach to limiting the financial impact of switching delays? If so, do you agree that the time period should be 30 days?

No, we do not agree that Ofgem's proposal to require Suppliers to continue to charge consumers on the rates in place prior to a blocked switch for up to 30 days represents an appropriate approach to limiting the financial impact of switching delays.

We agree that customers should not incur additional charges if a Supplier blocks a switch in error; if an objection is invalid, it is right that the Supplier reimburses the customer appropriately. However, we see no justification for this obligation to apply if the Supplier's objection, and any resulting changes in charges, is valid based upon the bilaterally agreed contractual terms. For example, it would be disproportionate to allow customers an additional 30 days on lower rates beyond the original fixed-term period, if a Supplier has made the customer aware of their rights and obligations under the contract, and done everything possible to support a customer with managing their debt but there are still unpaid bills when their fixed-term period ends.

Notwithstanding that the proposed intervention is unwarranted, in its proposed form it would be costly for Suppliers to implement. To achieve the intended outcome of limiting the financial impact of undue delays to switches in a more proportionate and fair way, we instead recommend a principle-based obligation is introduced. That obligation would be for Suppliers to ensure microbusinesses do not incur additional charges as a result of an invalid or erroneous objection.

Question 3: What challenges do you think suppliers and brokers may face implementing our proposals regarding improving the switching experience?

The 30-day contract extension requirement, as drafted, would be costly for suppliers to design and implement. It would also be an unplanned IT and process change that would have to be factored into our preparations for Faster Switching. The practicalities of implementing the Contract Extension proposal would present further challenges subject to how it was ultimately designed, for example, how the 30-day extension would be applied if a Supplier objected to a switch on more than one consecutive occasion.

Question 4: Do you have any comments on the associated draft supply licence conditions in Appendix 1 of this document?

Termination notice requirements

Noting that terminating the contract does not (in and of itself) preclude suppliers from objecting to switches where they have other relevant contractual rights to do so, it may be appropriate to insert the new licence paragraph below, to make the policy intent clear on an enduring basis:

- *"7A.14 - Paragraphs 7A.11 – 7A.13 inclusive are without prejudice to the licensee's ability to prevent a customer transfer in accordance with Condition 14."*

Contract Extensions

As noted in our response to Question 2, we see no reason for a prescriptive requirement and suggest a principle-based obligation that requires Suppliers to ensure a microbusiness does not incur incremental charges when a Supplier has erroneously blocked a switch:

- *"14.3A - Where the licensee has erroneously prevented a Proposed Supplier Transfer in relation to a Micro Business Customer, the licensee must ensure no incremental charges or fees, other than for the continuation of supply under the same terms as in place prior to the erroneously prevented transfer, are incurred by the Micro Business Customer as a result of the erroneously prevented transfer."*

<u>Question 5</u>: Do you think there are other changes which would better address the consumer harm that has been identified?

No.

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