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Energy market investigation
Competition and Markets Authority
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8th August 2014

Dear Sir/Madam

Response to Statement of Issues

Thank you for inviting Sainsbury's Supermarkets Ltd ("Sainsbury's") to respond to the CMA's Statement of Issues in the Energy Market Investigation ("Investigation"). This letter sets out Sainsbury's initial response to the Statement of Issues, along with an explanation of Sainsbury's experience and involvement in the UK energy market.

Sainsbury's experience in the UK energy market

Sainsbury's has been trading in the UK retail market for 144 years. We have a clear long term strategy to deliver our vision of being the most trusted retailer where people love to work and shop. Sainsbury's has significant coverage and reach across the UK operating through 1212 supermarket and convenience stores averaging 24 million transactions per week.

Increasingly Sainsbury's has developed complimentary products and services including Financial Services, Mobile, Clothing and General Merchandising.

Sainsbury's established Sainsbury's Energy in 2007 in partnership with EDF. This partnership continued until 2011, when our partner changed to British Gas (BG). This partnership is still in place and Sainsbury's Energy currently has [redacted] customer accounts.

Through its partnership with BG, Sainsbury's operates in the energy sector as a white label supplier rather than a licenced business in its own right. Under Sainsbury's contract with BG,

The tariffs currently available through Sainsbury's Energy are unique to Sainsbury's and not available through BG. The propositions are designed to appeal to the Sainsbury's customer.

Sainsbury's uses its stores in England, Scotland and Wales, excluding our stores in Northern Ireland, to market Sainsbury's Energy to customers as well as an online website. The product offer is branded clearly as a partnership between Sainsbury's and BG with a banner 'Sainsbury's Energy working with British Gas' used on marketing literature, bills, letters and digital medium.

Sainsbury's Energy offers domestic gas and electricity supply only, and does not supply businesses.

Statement of Issues

Because Sainsbury's operates as a white label supplier in partnership with BG, our experience of wholesale trading and the mechanisms of an energy business operation are limited.

Unlike the 'big six' energy suppliers and other businesses with their own supply licence, Sainsbury's does not have first-hand involvement of wholesale trading or upstream energy and regulatory activities, so we are not well placed to comment specifically regarding the theories of harm cited in the Statement of Issues.

However, Sainsbury's would be happy to comment on retail areas such as barriers to entry/expansion, customer confidence and activity, customer switching and customer service and communication (brand marketing collateral and engagement) as the investigation continues.

Kind regards

A handwritten signature in blue ink, appearing to read 'Justin James', is written in a cursive style.

Justin James for and on behalf of
Sainsbury's Supermarkets Ltd