

7th April 2016

Project Manager
Energy Market Investigation
Competition and Markets Authority
Victoria House
Southampton Row
London
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To Whom It May Concern

CMA Energy Market Investigation

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Competition and Market Authority's consultation on their provisional remedies regarding the investigation into the energy market. ACS represents 33,500 local shops across the country including the Co-operative Group, Spar, Costcutter and thousands of independent retailers.

The nature of convenience retail, with long operating hours, intrinsic use of refrigeration and other mandatory equipment, means that energy costs are a significant burden. The costs of energy are a critical factor in the viability of convenience store businesses, especially to small and microbusinesses which represent 75% of the convenience sector. Microbusinesses lack negotiating power and are often offered either uncompetitive rates from suppliers or rates that appear competitive but the standard insufficiently protects the microbusiness customer. We therefore welcome the CMA's specific focus on remedies for microbusinesses.

Price transparency remedy

ACS welcomes further price transparency in the energy market. By extending price transparency for microbusiness customers, this will increase their access to information and in turn help them better assess each supplier offer and determine the most competitive rate.

Auto-rollover remedy

ACS welcomes the CMA's remedy to end auto-rollover contracts for microbusiness customers. This will reduce the number of barriers microbusinesses must face to switch supplier for a more competitive contract. We particularly welcome increasing

the time window for microbusinesses to give termination notice to suppliers. Microbusiness owners often have a number of other matters to contend to and convenience store retailers especially, have a number of time constraints, with 25% of shop owners working more than 70 hours a week. The increased time window will ensure that microbusinesses can negotiate more competitive terms.

Programme to provide microbusiness customers with information to prompt them to engage/Database remedy

We welcome CMA's remedy to allow Ofgem to establish a programme to identify additional information from suppliers to prompt microbusiness customers to engage, and to disclose the details of the most disengaged microbusiness customers to rival suppliers. We would expect that by allowing the details to be shared among rival suppliers, a more competitive offer would be made in order to engage the microbusiness to switch supplier. The convenience sector incurs significant energy costs and we welcome any saving which can be made for microbusinesses who rely on a default contract. However, this must be regulated to ensure that microbusinesses are not hounded by suppliers to switch.

We encourage the CMA to continue engagement with microbusinesses and representative organisations during the conclusion of their inquiry into the energy market. This will ensure that any proposed remedies will most effectively address the problems identified.

Yours sincerely

James Lowman
Chief Executive