

## **CMA Energy Market Investigation Summary of provisional decision on remedies**

The Chartered Institute of Procurement and Supply (CIPS) welcomes Energy Market Investigation: Summary of provisional decision on remedies that was notified on 10 March 2016. The report provides a range of remedies and measures that are aimed at reducing costs for domestic and business users.

The CIPS membership is from the business community and that is our focus of this correspondence.

There are a significant number of microbusinesses and SME's who remain on a standard variable tariff. This may be for a number of reasons that you have covered previously.

We welcome the proposals to support the potential development of energy price competition for these organisations. These include

- (i) requiring suppliers to disclose the prices of all available acquisition and retention contracts to non-domestic customers
- (ii) requiring suppliers to disclose the prices of all their out of contract and deemed contracts on their websites;
- (iii) prohibiting the inclusion of conditions in their existing and future auto-rollover contracts with microbusiness customers
- iv) prohibiting the transfer of microbusiness customers that have given a termination notice during the rollover period of an auto-rollover contract to a higher priced contract during the notice period; and
- (v) prohibiting the inclusion of a condition in their existing and future out-of-contract, and evergreen contracts with microbusiness customers that include termination fees.

All these proposals will support completion, However, many of the small businesses are time poor, or are not aware that there are simple processes to obtain better energy prices from alternative sources. To further support this group then we would propose that a regular communication from the energy suppliers, by letter and/or email, tells its customers the steps to obtain better prices.

We generally agree with the recommendations, regarding CfD but have concerns with the proposal for DECC to undertake and consult on an impact assessment before awarding CfDs outside the auction mechanism. We support the approach but it is not clear who will be consulted and what weight they will have with DECC. Similarly our comments applies to DECC's choice of technologies to build into CfD. We are also not clear about the timing and level of transparency around the overall CfD calculations. customers will pick up the majority of the costs

We agree with the Transmission location intentions but are concerned about the potential geographical skewing of investments The change of 45% to 100% of losses to be applied to generators seems reasonable, but it is not clear how this will result in reduced costs. As with the current generator practice these costs will be built into their prices, re-distributing them towards the I&C sector rather than improving the efficiency of the network.

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We also have concerns with the timescales. With the SME market still paying higher prices, there is an urgency to deliver these proposals to the industry. Has the CMA considered a plan to introduce the proposals, and what may be the critical path for their introduction? Is there a list of priorities that will deliver increased completion with potentially lower prices?

ENDS

## **Energy and Water Special Knowledge Group – Chartered Institute of Procurement & Supply (CIPS)**

### **MEMBERS:**

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