ENERGY MARKET INVESTIGATION

DRAFT ORDER – CONSULTATION

The Energy Market Investigation (Microbusinesses) Order 2016

Background

1. On 26 June 2014, the Gas and Electricity Markets Authority in exercise of its powers under sections 131 and 133 of the Enterprise Act 2002 (the Act) (as provided for by section 36A of the Gas Act 1986 (GA86) and section 43 of the Electricity Act 1989 (EA89)), made an ordinary reference to the Chair of the Competition and Markets Authority (CMA) for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013 for an investigation into the supply and acquisition of energy in Great Britain.¹

2. The CMA investigated the matters referred to it pursuant to sections 131 and 133 of the Act and concluded (a) in accordance with section 134(1) of the Act that there are features of the markets for the supply and acquisition of energy in Great Britain which, either alone or in combination, prevent, restrict or distort competition; and (b) in accordance with section 134(2) of the Act, that there are adverse effects on competition (AECs). The CMA published its findings in a report under section 136 of the Act entitled Energy market investigation: Final report published on 24 June 2016 (the Report).

3. One of the AECs identified by the CMA was the Microbusiness Weak Customer Response AEC. The features identified by the CMA as giving rise to the Microbusiness Weak Customer Response AEC were the following:

   (a) Customers have limited awareness of, and interest in, their ability to switch energy supplier, which arises in particular from the following fundamental characteristics of the markets for the supply of energy to SMEs: (i) the homogeneous nature of gas and electricity; and (ii) the role of traditional meters and bills.

   (b) Customers face actual and perceived barriers to accessing and assessing information arising, in particular, from the following aspects of the markets for retail energy supply to SMEs; (i) a general lack of price transparency

¹ Energy market investigation terms of reference.
concerning the tariffs that are available to microbusinesses; a substantial proportion of microbusiness tariffs being individually negotiated between customer and supplier; and from the nascent state of price comparison websites (PCWs) for non-domestic customers; and (ii) the role of third party intermediaries (TPIs), in relation to which:

(i) a number of complaints have been made by non-domestic customers to various official bodies concerning alleged TPI malpractice, which may have reduced the level of trust in all TPIs and discouraged engagement more generally; and

(ii) we have noted a lack of transparency as well as the existence of incentives not to give non-domestic customers the best possible deal. This is exacerbated by the lack of easily available benchmark prices, and the fact that many tariffs are not published.

(c) Some microbusiness consumers are on auto-rollover contracts, and are given a narrow window in which to switch supplier or tariff, which may limit their ability to engage with the markets.

4. The CMA considered, in accordance with section 134(4) of the Act, (a) whether action should be taken by it for the purpose of remedying, mitigating or preventing the AECs or any detrimental effect on consumers; (b) whether it should recommend the taking of action by others for the purpose of remedying, mitigating or preventing the AECs or any detrimental effect on consumers; and (c) in either case, if action should be taken, what action should be taken and what is to be remedied, mitigated or prevented.

5. In the Report, the CMA decided on a package of remedies to remedy, mitigate or prevent the AECs and/or associated detriment that it found.

6. The CMA decided to implement (through an Order) a requirement on suppliers (a) to disclose certain information on their website or third party online platforms about the prices they charge or offer microbusiness customers to supply them with electricity or gas (or both); and (b) not to include terms in their auto-rollover contracts with microbusiness customers that restrict when such customers can give notice to terminate the contract or from charging such customers a termination fee in certain circumstances.

7. The draft Explanatory Note accompanying the Draft Order provides an explanation of how the Draft Order and the licence conditions are expected to operate.
The Order

Reference and power

The CMA makes this Order in performance of its duty under section 138 of the Enterprise Act 2002 to remedy, mitigate or prevent the adverse effects on competition and any detrimental effects on consumers so far as they have resulted, or may be expected to result, from the adverse effects on competition as identified in the report of the CMA entitled Energy market investigation: Final report and published on 24 June 2016. The CMA makes this Order in exercise of the powers conferred by sections 86(1) to (5) and 87 (each applicable by virtue of section 164), 161(1), (3) and (4) of, and paragraphs 10, 17 to 19, 21 and 22 of Schedule 8 to, the Act. In accordance with section 15 of the Electricity Act 1989 and section 27 of the Gas Act 1986, the CMA introduces the Electricity Supply Licence Condition 7D and the Gas Supply Licence Condition 7D for the purpose of giving effect to Articles 3 and 4 of this Order and amends the Electricity Supply Licence Condition 7A and Gas Supply Licence Condition 7A for the purpose of giving effect to Articles 6 and 7 of this Order and having had regard to the Gas and Electricity Markets Authority’s relevant statutory functions pursuant to section 168 of the Act.

Part 1

General

1. Title, commencement and scope

1.1 This Order may be cited as ‘The Energy Market Investigation (Microbusinesses) Order 2016’.

1.2 This Order shall come into force on [day after the order] December 2016 except for Articles 3, 4 and 5, which shall come into force on 26 June 2017.

1.3 This Order applies to Retail Energy Suppliers in Great Britain.

1.4 This Order shall continue to be in force until such time as it is varied or revoked under the Act. The variation or revocation of this Order shall not affect the validity or enforceability of any rights or obligations that arose prior to such variation or revocation.

2. Interpretation

2.1 In this Order:
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Information</td>
<td>means the MPAN/MPRN or the aggregate amount of all Charges for the Supply of Electricity or all Charges for the Supply of Gas, or both, in Pounds Sterling (GBP) over a monthly, quarterly, 6 month or 12 month period (such period being at the customer's choice), or both as applicable.</td>
</tr>
<tr>
<td>Charges for the Supply of Electricity</td>
<td>has the meaning given to it in the Electricity Supply Licence.</td>
</tr>
<tr>
<td>Charges for the Supply of Gas</td>
<td>has the meaning given to it in the Gas Supply Licence.</td>
</tr>
<tr>
<td>CMA</td>
<td>means the Competition and Markets Authority.</td>
</tr>
<tr>
<td>Deemed Contract</td>
<td>has the meaning given to it in the Electricity Supply Licence or the Gas Supply Licence (as applicable) as it applies to a Micro Business Consumer.</td>
</tr>
<tr>
<td>Domestic Customer</td>
<td>has the meaning given to it in the Electricity Supply Licence or the Gas Supply Licence (as applicable).</td>
</tr>
<tr>
<td>Electricity Meter</td>
<td>has the meaning given to it in the Electricity Supply Licence.</td>
</tr>
<tr>
<td>Electricity Supply Licence</td>
<td>means an electricity supply licence granted or treated as granted under section 6(1)(d) of the Electricity Act 1989.</td>
</tr>
<tr>
<td>Evergreen Micro Business Consumer Contract</td>
<td>means a Micro Business Consumer Contract which is for a period of an indefinite length and which does not contain a fixed-term period that applies to any of the terms and conditions of that Micro Business Consumer Contract and is not an Out-of-contract Contract.</td>
</tr>
<tr>
<td>Gas Meter</td>
<td>has the meaning given to it in the Gas Supply Licence.</td>
</tr>
<tr>
<td>Gas Supply Licence</td>
<td>means a gas supply licence granted or treated as granted under section 7A(1) of the Gas Act 1986.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Initial Period</strong></td>
<td>means a period of fixed duration from the start of a contract concerning the supply of gas or electricity (or both).</td>
</tr>
<tr>
<td><strong>Initial Quote</strong></td>
<td>means at least one combination of Standing Charges, Unit Rates and all other associated charges per Electricity Meter and Gas Meter, which is available immediately for the Relevant Micro Business Customer to enter into a contract to purchase the supply of electricity or the supply of gas (or both) from the Retail Energy Supplier, and remains available for an identified period, subject only to the Retail Energy Supplier conducting a Successful Credit Check and any terms and conditions that may apply to any existing Micro Business Consumer Contract between the Relevant Micro Business Customer and that Retail Energy Supplier.</td>
</tr>
<tr>
<td><strong>Microbusiness Compliance Statement</strong></td>
<td>means a statement in the form prescribed in Schedule 5 to be submitted by a Retail Energy Supplier to the CMA pursuant to Articles 9.1 to 9.3.</td>
</tr>
<tr>
<td><strong>Micro Business Consumer</strong></td>
<td>has the meaning given to it in the Electricity Supply Licence or the Gas Supply Licence (as applicable).</td>
</tr>
<tr>
<td><strong>Micro Business Consumer Contract</strong></td>
<td>has the meaning given to it in the Electricity Supply Licence or Gas Supply Licence (as applicable).</td>
</tr>
<tr>
<td><strong>Micro Business Termination Fee</strong></td>
<td>means any sum of money or other compensation (whether financial or not) which might be demanded from a Micro Business Consumer solely because his Micro Business Consumer Contract has ended and/or any sum of money or other reward (whether financial or not) which would have been provided to the Micro Business Consumer if he continued to be supplied under a Micro Business Consumer Contract for a particular period of time and would not be provided to that Micro Business Consumer solely because that contract has ended before that period of time has elapsed.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Micro Business TPI</td>
<td>means an organisation or individual acting as a third party intermediary between a Micro Business Consumer and a Retail Energy Supplier.</td>
</tr>
<tr>
<td>MPAN</td>
<td>means the Meter Point Administration Number, as the reference number used to uniquely identify electricity supply points in Great Britain.</td>
</tr>
<tr>
<td>MPRN</td>
<td>means the Meter Point Reference Number, as the reference number used to uniquely identify gas supply points in Great Britain.</td>
</tr>
<tr>
<td>Non-Domestic Supply Contract</td>
<td>has the meaning given to it in the Electricity Supply Licence or Gas Supply Licence (as applicable).</td>
</tr>
<tr>
<td>Out-of-contract Contracts</td>
<td>means a Non-Domestic Supply Contract which continues to apply to a Micro Business Consumer in circumstances where that Non-Domestic Supply Contract has been terminated or has expired through the passage of time and the same Retail Energy Supplier continues to supply electricity or gas (or both) to that Micro Business Consumer.</td>
</tr>
<tr>
<td>Primary Information</td>
<td>means (a) postcode, followed by address selection and (b) consumption of electricity or gas (or both) over a monthly, quarterly, 6 month or 12 month period (such period being at the customer’s choice) or, where such information is not available, the Additional Information as applicable.</td>
</tr>
<tr>
<td>Relevant Micro Business Customer</td>
<td>has the meaning given to it in the Electricity Supply Licence or Gas Supply Licence (as applicable).</td>
</tr>
<tr>
<td>Relevant Notice Period</td>
<td>means a notice period of up to 30 days.</td>
</tr>
<tr>
<td>Required Price Information</td>
<td>means each separate combination of Standing Charges, Unit Rates and all other associated charges per Electricity Meter and Gas Meter, which is capable of being entered into by a Relevant Micro Business Customer to purchase the supply of electricity or the supply of gas (or both) from the Retail Energy Supplier.</td>
</tr>
<tr>
<td>Retail Energy Supplier</td>
<td>means any person authorised to supply gas by virtue of a Gas Supply Licence, and any person authorised to</td>
</tr>
</tbody>
</table>
supply electricity by virtue of an Electricity Supply Licence.

Roll-Over Clause means a term providing for a contract to continue (automatically, or at the sole option of the Retail Energy Supplier) beyond the expiry of the Initial Period in the event that, during the Initial Period, the Micro Business Consumer has not terminated the Micro Business Consumer Contract or otherwise expressly agreed that the Micro Business Consumer Contract will continue for a period of fixed duration or an indefinite length.

Roll-Over Period means the period of time after the Initial Period for which a Micro Business Consumer Contract will continue pursuant to the Roll-Over Clause.

Standing Charge has the meaning given to it in the Electricity Supply Licence or the Gas Supply Licence (as applicable).

Successful Credit Check means the Retail Energy Supplier conducting a credit checking process on the Relevant Micro Business Customer and the Retail Energy Supplier being satisfied with such credit result.

Third Party Online Platform means a price comparison website, internet-based price comparison service or other internet-based Micro Business TPI, that provides comparisons between, and access to, the Required Price Information and Initial Quotes, and may carry out, on behalf of the Micro Business Consumer an instruction to change the Micro Business Consumer’s Retail Energy Supplier, supply contract, or both.

Unit Rate has the meaning given to it in the Electricity Supply Licence or Gas Supply Licence (as applicable).

Website has the meaning given to it in the Electricity Supply Licence or Gas Supply Licence (as applicable).

2.2 In this Order any reference to:

(a) ‘month’ means calendar month;

(b) a ‘person’ includes any individual, firm, partnership, body corporate or association;
(c) ‘written’ or ‘in writing’ includes the transmission of information or the conclusion of a process made on, by, or through electronic communications or by a postal service; and

(d) a government department or non-departmental public body or organisation or person or place or thing includes a reference to its successor in title.

2.3 The headings used in this Order are for convenience and have no legal effect.

2.4 References to any statute, statutory provisions or licence conditions shall be construed as references to that statute, statutory provision or licence condition as amended, re-enacted or modified, whether by statute or otherwise.

2.5 The Interpretation Act 1978 applies to this Order except where words and expressions are expressly defined.

Part 2

Information Requirements

3. **Obligation to disclose Required Price Information and provide Initial Quotes to Relevant Micro Business Customers**

3.1 Retail Energy Suppliers must disclose the Required Price Information and provide Initial Quotes promptly to each Relevant Micro Business Customer on its Website or on one or more Third Party Online Platforms.

3.2 Where a Retail Energy Supplier discloses the Required Price Information and provides an Initial Quote on its Website, the Retail Energy Supplier must ensure that access to the Required Price Information and Initial Quote is displayed clearly and prominently.

3.3 Where a Retail Energy Supplier discloses the Required Price Information and provides an Initial Quote through a Third Party Online Platform, the Retail Energy Supplier must ensure that a web-link to the Third Party Online Platform is displayed clearly and prominently on its Website.

4. **Obligation to disclose other price information**

4.1 Retail Energy Suppliers must disclose, on their Website, the Unit Rates and Standing Charges per fuel of all their Out-of-contract Contracts and Deemed Contracts which apply to Micro Business Consumers.
4.2 When making the disclosure in accordance with Article 4.1, the Retail Energy Supplier must ensure that access to this information is displayed clearly and prominently on its Website.

5. Certain amendments to licence conditions

5.1 A new electricity supply licence condition 7D will be introduced in the Electricity Supply Licence as per Schedule 1.

5.2 A new gas supply licence condition 7D will be introduced in the Gas Supply Licence as per Schedule 2.

Part 3

Prohibition on certain terms in Auto-Rollover Contracts

6. Prohibition on certain terms in Auto-Rollover Contracts

6.1 Subject to Article 6.4, Retail Energy Suppliers must not enter into, or perform, an Auto-Rollover Contract containing either:

(a) a restriction on when a Micro Business Consumer can give notice to terminate the Auto-Rollover Contract during (a) the Initial Period, or (b) any Roll-Over Period; or

(b) a term that provides for a Retail Energy Supplier to charge the Micro Business Consumer a Micro Business Termination Fee where that Micro Business Consumer gives notice to terminate the Auto-Rollover Contract during the Roll-Over Period.

6.2 Subject to Article 6.4, where a Micro Business Consumer gives notice to terminate an Auto-Rollover Contract during the Initial Period, the Retail Energy Supplier:

(a) must terminate the contract at the end of the Initial Period, if the Micro Business Consumer gives notice to terminate at least 30 days before the end of the Initial Period;

(b) must terminate the contract no more than 30 days after the Micro Business Consumer gives notice to terminate, if such notice is given within the last 30 days of the Initial Period.

6.3 Subject to Article 6.4, where a Micro Business Consumer gives notice to terminate an Auto-Rollover Contract during the Roll-Over Period, the Retail Energy Supplier:
(a) must terminate the contract within the Relevant Notice Period; and

(b) must not engage in any course of action which has the effect of increasing the Standing Charge, Unit Rate or any other charge which the Micro Business Consumer must pay pursuant to the Auto-Rollover Contract.

6.4 Articles 6.1, 6.2 and 6.3 do not apply until 26 June 2017 for an Auto-Rollover Contract that was entered into on or before [the date of the Order] December 2016.

7. **Prohibition on charging Micro Business Termination Fees in Out-of-contract Contracts and Evergreen Micro Business Contracts**

7.1 Subject to Article 7.2, Retail Energy Suppliers must not enter into, or perform, an Out-of-contract Contract or Evergreen Micro Business Consumer Contract containing a term that allows a Retail Energy Supplier to charge the Micro Business Consumer a Micro Business Termination Fee where that Micro Business Consumer gives notice to terminate such contract.

7.2 Article 7.1 does not apply until 26 June 2017 for Out-of-contract Contracts and Evergreen Micro Business Contracts that were commenced on or before [the date of the Order] December 2016.

8. **Certain amendments to licence conditions**

8.1 Electricity Supply Licence Condition 7A in the Electricity Supply Licence is amended in accordance with Schedule 3.

8.2 Gas Supply Licence Condition 7A in the Gas Supply Licence is amended in accordance with Schedule 4.

**Part 4**

**Monitoring and compliance**

9. **Monitoring and compliance**

9.1 Retail Energy Suppliers must submit, on an annual basis, a Microbusiness Compliance Statement to the CMA.

9.2 Each Microbusiness Compliance Statement is to be submitted to the CMA by [Date Order comes into effect] December in each year.

9.3 A Retail Energy Supplier must ensure that any Microbusiness Compliance Statement is signed by the Chief Executive Officer, the Managing Director or
any Director responsible for Micro Business Consumer Contracts at that Retail Energy Supplier.

10. Directions by the CMA as to compliance

10.1 The CMA may give directions falling within Article 10.2 to:

(a) a person specified in the directions; or

(b) a holder for the time being of an office so specified in any body of persons whether incorporated or unincorporated.

10.2 Directions fall within this article if they are directions:

(a) to take such actions as may be specified or described in the directions for the purpose of carrying out, or ensuring compliance with, this Order; or

(b) to do, or refrain from doing, anything so specified or described which the person might be required by this Order to do or refrain from doing.

10.3 In Article 10.2 above, ‘actions’ includes steps to introduce and maintain arrangements to ensure that any director, employee or agent of a Retail Energy Supplier carries out, or secures compliance with, this Order.

10.4 The CMA may vary or revoke any directions so given.

11. Supply of information to the CMA

11.1 Any person to whom this Order applies is required to provide any information and documents required by the CMA for the purposes of enabling the CMA to monitor the carrying out of this Order or any provisions of this Order and/or to review the effectiveness of the operation of this Order, or any provision of this Order.

11.2 Any person to whom this Order applies may be required by the CMA to keep and produce those records specified in writing by the CMA that relate to the operation of any provisions of this Order.

11.3 Any person to whom this Order applies and whom the CMA believes to have information which may be relevant to the monitoring or the review of the operation of any provisions of this Order may be required by the CMA to attend and provide such information in person.

11.4 Subject always to Part 9 of the Act, the CMA may publish any information or documents that it has received in connection with the monitoring or the review
of this Order or any provisions of this Order for the purpose of assisting the
CMA in the discharge of its functions under or in connection with this Order.
Schedule 1

New Electricity Supply Standard Licence Condition 7D

1. The Electricity Supply Licence is amended as follows.

2. After Electricity Supply Licence Condition 7C, insert:

Condition 7D. Supply to Certain Micro Business Consumers – additional requirements

This Condition takes effect from 26 June 2017.

Obligation to disclose Required Price Information and provide Initial Quotes to Relevant Micro Business Customers

7D.1 The licensee must disclose the Required Price Information and provide Initial Quotes promptly to each Relevant Micro Business Customer on its Website or on one or more Third Party Online Platforms.

7D.2 Where a licensee discloses the Required Price Information and provides Initial Quotes on its Website, the licensee must ensure that access to the Required Price Information and Initial Quotes is displayed clearly and prominently.

7D.3 Where a licensee discloses the Required Price Information and provides Initial Quotes through a Third Party Online Platform, the licensee must ensure that a web-link to the Third Party Online Platform is displayed clearly and prominently on its Website.

Obligation to disclose other price information

7D.4 The licensee must disclose, on its Website, the Unit Rates and Standing Charges per fuel of all their Out-of-contract Contracts and all Deemed Contracts which apply to a Micro Business Consumer.

7D.5 When making the disclosure in accordance with paragraph 7D.4, the licensee must ensure that access to this information is displayed clearly and prominently on its Website.
Reporting obligation

7D.6 The licensee must give the Authority any Information that it reasonably requests about the licensee’s compliance with paragraphs 7D.1 to 7D.5 as soon as reasonably practicable after receiving a request from the Authority.

7D.7 The licensee must give the Authority any Information that it reasonably requests to assess the impact and effectiveness of the obligations contained in paragraphs 7D.1 to 7D.5.

Definitions for condition

7D.8 In this condition:

Additional Information means the MPAN/MPRN or the aggregate amount of all Charges for the Supply of Electricity in Pounds Sterling (GBP) over a monthly, quarterly, 6 month or 12 month period (such period being at the customer’s choice), or both as applicable.

Consumption Window means each separate period within a total period of 24 hours in which electricity consumption was recorded and charged at a distinct Unit Rate.

Initial Quote means at least one combination of Standing Charges, Unit Rates and all other associated charges per Electricity Meter, which is available immediately for the Relevant Micro Business Customer to enter into a contract to purchase the supply of electricity from the licensee, and remains available for an identified period, subject only to the licensee conducting a Successful Credit Check and any terms and conditions that may apply to any existing Micro Business Consumer Contract between the Relevant Micro Business Customer and that licensee.

Micro Business TPI means an organisation or individual acting as a third party intermediary between a Micro Business Consumer and the licensee.

Out-of-contract Contracts means a Non-Domestic Supply Contract which continues to apply to a Micro Business Consumer in circumstances where that Non-Domestic Supply Contract has been terminated or has expired through the passage of time and the same licensee continues to supply electricity to that Micro Business Consumer.
<table>
<thead>
<tr>
<th>Terms</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Information</td>
<td>means <em>(a)</em> postcode, followed by address selection and <em>(b)</em> consumption of electricity over a monthly, quarterly, 6 month or 12 month period (such period being at the customer’s choice) or, where such information is not available, the Additional Information as applicable.</td>
</tr>
<tr>
<td>Relevant Micro Business Customer</td>
<td>means a Non-Domestic Customer that has entered their Primary Information into a licensee’s Website or a Third Party Online Platform and which the licensee has determined meets all of the following criteria: (a) the metering point at the Non-Domestic Premises falls under Profile Classes 1, 2, 3 or 4 as defined in the Balancing and Settlement Code; (b) has an annual consumption of electricity of not more than 50,000 kWh per Electricity Meter; and (c) has a Relevant Electricity Metering Arrangement.</td>
</tr>
<tr>
<td>Relevant Electricity Metering Arrangement</td>
<td>means using an Electricity Meter on the basis of a contractual arrangement whereby a Non-Domestic Customer is required to pay Charges for the Supply of Electricity with no more than three Consumption Windows per Electricity Meter.</td>
</tr>
<tr>
<td>Required Price Information</td>
<td>means each separate combination of Standing Charges, Unit Rates and all other associated charges per Electricity Meter, which is capable of being entered into by a Relevant Micro Business Customer to purchase the supply of electricity from the licensee.</td>
</tr>
<tr>
<td>Successful Credit Check</td>
<td>means the licensee conducting a credit checking process on the Relevant Micro Business Customer and the licensee being satisfied with such credit result.</td>
</tr>
<tr>
<td>Third Party Online Platform</td>
<td>means a price comparison website, internet-based price comparison service or other internet-based Micro Business TPI, that provides comparisons between, and access to, the Required Price Information and Initial Quotes, and may carry out, on behalf of the Micro Business Consumer an instruction to change the Micro Business Consumer’s supplier, supply contract, or both.</td>
</tr>
</tbody>
</table>
Schedule 2

New Gas Supply Standard Licence Condition 7D

1. The Gas Supply Licence is amended as follows.

2. After Gas Supply Licence Condition 7C, insert:

   Condition 7D. Supply to Certain Micro Business Consumers – additional requirements

This Condition takes effect from 26 June 2017.

Obligation to disclose Required Price Information and provide Initial Quotes to Relevant Micro Business Customers

7D.1 The licensee must disclose the Required Price Information and provide Initial Quotes promptly to each Relevant Micro Business Customer on its Website or on one or more Third Party Online Platforms.

7D.2 Where a licensee discloses the Required Price Information and provides Initial Quotes on its Website, the licensee must ensure that access to the Required Price Information and Initial Quotes is displayed clearly and prominently.

7D.3 Where a licensee discloses the Required Price Information and provides Initial Quotes through a Third Party Online Platform, the licensee must ensure that a web-link to the Third Party Online Platform is displayed clearly and prominently on its Website.

Obligation to disclose other price information

7D.4 The licensee must disclose, on its Website, the Unit Rates and Standing Charges per fuel of all their Out-of-contract Contracts and all Deemed Contracts which apply to a Micro Business Consumer.

7D.5 When making the disclosure in accordance with paragraph 7D.4, the licensee must ensure that access to this information is displayed clearly and prominently on its Website.
Reporting obligation

7D.6 The licensee must give the Authority any Information that it reasonably requests about the licensee’s compliance with paragraphs 7D.1 to 7D.5 as soon as reasonably practicable after receiving a request from the Authority.

7D.7 The licensee must give the Authority any Information that it reasonably requests to assess the impact and effectiveness of the obligations contained in paragraphs 7D.1 to 7D.5.

Definitions for condition

7D.8 In this condition:

Additional Information means the MPAN/MPRN or the aggregate amount of all Charges for the Supply of Gas in Pounds Sterling (GBP) over a monthly, quarterly, 6 month or 12 month period (such period being at the customer’s choice), or both as applicable.

Initial Quote means at least one combination of Standing Charges, Unit Rates and all other associated charges per Gas Meter, which is available immediately for the Relevant Micro Business Customer to enter into a contract to purchase the supply of gas from the licensee, and remains available for an identified period, subject only to the licensee conducting a Successful Credit Check and any terms and conditions that may apply to any existing Micro Business Consumer Contract between the Relevant Micro Business Customer and that licensee.

Micro Business TPI means an organisation or individual acting as a third party intermediary between a Micro Business Consumer and the licensee.

Out-of-contract Contracts means a Non-Domestic Supply Contract which continues to apply to a Micro Business Consumer in circumstances where that Non-Domestic Supply Contract has been terminated or has expired through the passage of time and the same licensee continues to supply gas to that Micro Business Consumer.

Primary Information means (a) postcode, followed by address selection and (b) consumption of gas over a monthly, quarterly,
6 month or 12 month period (such period being at the customer’s choice) or, where such information is not available, the Additional Information as applicable.

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevant Micro Business Customer</td>
<td>means a Non-Domestic Customer that has entered their Primary Information on a licensee's Website or Third Party Online Platform and has an annual consumption of gas of not more than 73,200 kWh per Gas Meter.</td>
</tr>
<tr>
<td>Required Price Information</td>
<td>means each separate combination of Standing Charges, Unit Rates and all other associated charges per Gas Meter, which is capable of being entered into by a Relevant Micro Business Customer to purchase the supply of gas from the licensee.</td>
</tr>
<tr>
<td>Successful Credit Check</td>
<td>means the licensee conducting a credit checking process on the Relevant Micro Business Customer and the licensee being satisfied with such credit result.</td>
</tr>
<tr>
<td>Third Party Online Platform</td>
<td>means a price comparison website, internet-based price comparison service or other internet-based Micro Business TPI, that provides comparisons between, and access to, the Required Price Information and Initial Quotes, and may carry out, on behalf of the Micro Business Consumer an instruction to change the Micro Business Consumer's supplier, supply contract, or both.</td>
</tr>
</tbody>
</table>
Amendments to Electricity Supply Standard Licence Condition 7A

1. The Electricity Supply Licence is amended as follows.

2. Condition 7A.12B is amended as follows:

Termination during Initial Period of Micro Business Consumer Contracts which include a fixed term period

7A.12B.1 Subject to paragraph 7A.12B.2 in relation to any Micro Business Consumer Contract which includes a fixed term period, the licensee must ensure that during the Initial Period

(a) a Micro Business Consumer is entitled to give notice of termination before the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Supply Contract) at any time in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(b) without prejudice to any notice period which complies with paragraph 7A.11, if, at the end of any the fixed term period, a Micro Business Consumer is not subject to a further fixed term period, the Micro Business Consumer is entitled to give notice to terminate the Micro Business Consumer Contract at any time.

7A.12B.2 Where a Micro Business Consumer gives notice to terminate the Micro Business Consumer Contract during the Initial Period, the licensee must:

(a) terminate the contract at the end of the Initial Period, if the Micro Business Consumer gives notice to terminate at least 30 days before the end of the Initial Period;

(b) terminate the contract no more than 30 days after the Micro Business Consumer gives notice to terminate, if such notice is given within the last 30 days of the Initial Period.

3. After Condition 7A.12B.2, insert:

Termination during Roll-Over Period of Micro Business Consumer Contracts

7A.12BA This paragraph applies to Micro Business Consumer Contracts during the Roll-Over Period.
7A.12BAA  The licensee must ensure that a Micro Business Consumer is entitled to give notice of termination at any time in order to terminate the Micro Business Consumer Contract with effect from the end of the Relevant Notice Period.

7A.12BAB. Where a Micro Business Consumer gives notice of termination under paragraph 7A.12BAA, the licensee must not:

(a) charge the Micro Business Consumer a Micro Business Termination Fee; or

(b) engage in any course of action which has the effect of increasing the Standing Charge, Unit Rate or any other charge which the Micro Business Consumer must pay pursuant to the Micro Business Consumer Contract.

4. Conditions 7A.13 and 7A.13A are amended as follows:

**Extending the duration of Micro Business Consumer Contracts**

7A.13  This paragraph applies where the relevant Micro Business Consumer Contract is for a fixed-term period and contains a term entitling the licensee to extend the duration of the Micro Business Consumer Contract for a further fixed term period [Roll-Over Clause].

7A.13A  Where paragraph 7A.13 applies, the licensee may only extend the duration of that Contract for a further fixed term period if:

(a) it has complied with paragraphs 7A.7 and 7A.8;

(b) the Micro Business Consumer has not sent the licensee a notification in Writing before the end of the Initial period Relevant Date in order to prevent it from extending the duration of the Micro Business Consumer Contract for a further fixed term period and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(c) the duration of the further fixed term period is 12 months or less.

5. After Condition 7A.13A, insert:

**Termination of Out-of-contract Contracts and Evergreen Micro Business Contracts**

7A.13B. If the licensee supplies electricity to a Micro Business Consumer’s premises under an Out-of-contract Contract or Evergreen Micro
Business Consumer Contract, the licensee must not charge the Micro Business Consumer a Micro Business Termination Fee.

**Reporting obligation**

7A.13C.1 The licensee must give the Authority any Information that it reasonably requests about the licensee’s compliance with paragraphs 7A.12B.1 to 7A.13B as soon as reasonably practicable after receiving a request from the Authority.

7A.13C.2 The licensee must give the Authority any Information that it reasonably request to assess the impact and effectiveness of the obligations contained in paragraphs 7A.12B.1 to 7A.13B.

**Transitional provisions for standard condition 7A covering notice periods, termination fees and rollovers**

7A.13D.1 Until the Specified Date, this condition 7A.13D applies to any Transitional Micro Business Consumer Contracts.

7A.13D.2 For the purposes of this condition 7A.13D, a “Transitional Micro Business Consumer Contract” is a Micro Business Consumer Contract which was entered into before the Order Date.

7A.13D.3 In respect of the Transitional Micro Business Consumer Contract, the licensee is not required to comply with:

(a) paragraphs 7A.12B.1 and 7A.12B.2 of standard condition 7A

(b) paragraphs 7A.12BA, 7A.12BAA and 7A.12BAB of standard condition 7A

(c) paragraphs 7A.13 and 7A.13A of standard condition 7A

(d) paragraphs 7A.13B, 7A.13C.1 and 7A.13C.2 of standard condition 7A.

and instead, paragraphs 7A.13D.4 to 7A.13D.6 apply.

7A.13D.4. Paragraph 7A.12B.1 of standard condition 7A is replaced with:

**Termination of Micro Business Consumer Contracts which include a fixed term period**

7A.12B In relation to any Micro Business Consumer Contract which includes a fixed term period, the licensee must ensure that:
(a) a Micro Business Consumer is entitled to give notice of termination before the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Supply Contract) in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(b) without prejudice to any notice period which complies with paragraph 7A.11, if, at the end of any fixed term period, a Micro Business Consumer is not subject to a further fixed term period, the Micro Business Consumer is entitled to give notice to terminate the Micro Business Consumer Contract at any time.

7A.13D.5. Paragraph 7A.13 of standard condition 7A is replaced with:

7A.13 This paragraph applies where the relevant Micro Business Consumer Contract is for a fixed-term period and contains a term entitling the licensee to extend the duration of the Micro Business Consumer Contract for a further fixed-term period.

7A.13D.6. Paragraph 7A.13A of standard condition 7A is replaced with:

7A.13A. Where paragraph 7A.13 applies, the licensee may only extend the duration of that Contract for a further fixed term period if:

(a) it has complied with paragraphs 7A.7 and 7A.8;

(b) the Micro Business Consumer has not sent the licensee a notification in Writing before the Relevant Date in order to prevent it from extending the duration of the Micro Business Consumer Contract for a further fixed term period and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(c) the duration of the further fixed term period is 12 months or less.

6. Condition 7A.14 is amended as follows:

Definitions for condition

7A.14 In this condition:

Evergreen Micro Business Consumer Contract means a Micro Business Consumer Contract which is for a period of an indefinite length and which does not contain a fixed-term period that applies to any of the
terms and conditions of that Micro Business Consumer Contract and is not an Out-of-contract Contract.

**Initial Period**

means a period of fixed duration from the start of a contract concerning the supply of electricity.

**Micro Business Termination Fee**

means any sum of money or other compensation (whether financial or not) which might be demanded from a Micro Business Consumer solely because his Micro Business Consumer Contract has ended and/or any sum of money or other reward (whether financial or not) which would have been provided to a Micro Business Consumer if he continued to be supplied under a Micro Business Consumer Contract for a particular period of time and would not be provided to that Micro Business Consumer solely because that contract has ended before that period of time has elapsed.

**Out-of-contract Contracts**

means a Non-Domestic Supply Contract which continues to apply to a Micro Business Consumer in circumstances where that Non-Domestic Supply Contract has been terminated or has expired through the passage of time and the same licensee continues to supply electricity to that Micro Business Consumer.

**Order Date**

means [day after CMA Order is made] December 2016.

**Relevant Notice Period**

means a notice period of up to 30 days.

**Roll-Over Period**

means the period of time after the Initial Period for which a Micro Business Consumer Contract will continue pursuant to the Roll-Over Clause.

**Roll-Over Clause**

means a term providing for a contract to continue (automatically, or at the sole option of the licensee) beyond the expiry of the Initial Period in the event that, during the Initial Period, the Micro Business Consumer has not terminated the Micro Business Consumer Contract or otherwise expressly agreed that the Micro Business Consumer Contract will continue for a period of fixed duration or an indefinite length.

**Specified Date**

means 25 June 2017.
Amendments to Gas Supply Standard Licence Condition 7A

1. The Gas Supply Licence is amended as follows.

2. Condition 7A.12B is amended as follows:

Termination during Initial Period of Micro Business Consumer Contracts which include a fixed term period

7A.12B.1 Subject to paragraph 7A.12B.2 in relation to any Micro Business Consumer Contract which includes a fixed term period, the licensee must ensure that during the Initial Period:

(a) a Micro Business Consumer is entitled to give notice of termination before the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Supply Contract) at any time in order to terminate the Micro Business Consumer Contract, with effect from the end of any fixed term period which currently applies; and

(b) without prejudice to any notice period which complies with paragraph 7A.11, if, at the end of any the fixed term period, a Micro Business Consumer is not subject to a further fixed term period, the Micro Business Consumer is entitled to give notice to terminate the Micro Business Consumer Contract at any time.

7A.12B.2 Where a Micro Business Consumer gives notice to terminate the Micro Business Consumer Contract during the Initial Period, the licensee must:

(a) terminate the contract at the end of the Initial Period, if the Micro Business Consumer gives notice to terminate at least 30 days before the end of the Initial Period;

(b) terminate the contract no more than 30 days after the Micro Business Consumer gives notice to terminate, if such notice is given within the last 30 days of the Initial Period.

3. After Condition 7A.12B.2, insert:

Termination during Roll-Over Period of Micro Business Consumer Contracts

7A.12BA This paragraph applies to Micro Business Consumer Contracts during the Roll-Over Period.
7A.12BAA. The licensee must ensure that a Micro Business Consumer is entitled to give notice of termination at any time in order to terminate the Micro Business Consumer Contract with effect from the end of the Relevant Notice Period.

7A.12BAB. Where a Micro Business Consumer gives notice of termination under paragraph 7A.12BAA, the licensee must not:

(a) charge the Micro Business Consumer a Micro Business Termination Fee; or

(b) engage in any course of action which has the effect of increasing the Standing Charge, Unit Rate or any other charge which the Micro Business Consumer must pay pursuant to the Micro Business Consumer Contract.

4. Conditions 7A.13 and 7A.13A are amended as follows:

**Extending the duration of Micro Business Consumer Contracts**

7A.13 This paragraph applies where the relevant Micro Business Consumer Contract is for a fixed-term period and contains a term entitling the licensee to extend the duration of the Micro Business Consumer Contract for a further fixed-term period [Roll-Over Clause].

7A.13A Where paragraph 7A.13 applies, the licensee may only extend the duration of that Contract for a further fixed term period if:

(a) it has complied with paragraphs 7A.7 and 7A.8;

(b) the Micro Business Consumer has not sent the licensee a notification in Writing before the end of the Initial period Relevant Date in order to prevent it from extending the duration of the Micro Business Consumer Contract for a further fixed term period and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(c) the duration of the further fixed term period is 12 months or less.

5. After Condition 7A.13A, insert:

**Termination of Out-of-contract Contracts and Evergreen Micro Business Contracts**

7A.13B. If the licensee supplies electricity to a Micro Business Consumer’s premises under an Out-of-contract Contract or Evergreen Micro
Business Consumer Contract, the licensee must not charge the Micro Business Consumer a Micro Business Termination Fee.

**Reporting obligation**

7A.13C.1 The licensee must give the Authority any Information that it reasonably requests about the licensee’s compliance with paragraphs 7A.12B.1 to 7A.13B as soon as reasonably practicable after receiving a request from the Authority.

7A.13C.2 The licensee must give the Authority any Information that it reasonably request to assess the impact and effectiveness of the obligations contained in paragraphs 7A.12B.1 to 7A.13B.

**Transitional provisions for standard condition 7A covering notice periods, termination fees and rollovers**

7A.13D.1 Until the Specified Date, this condition 7A.13D applies to any Transitional Micro Business Consumer Contracts.

7A.13D.2 For the purposes of this condition 7A.13D, a “Transitional Micro Business Consumer Contract” is a Micro Business Consumer Contract which was entered into before the Order Date.

7A.13D.3 In respect of the Transitional Micro Business Consumer Contract, the licensee is not required to comply with:

(a) paragraphs 7A.12B.1 and 7A.12B.2 of standard condition 7A

(b) paragraphs 7A.12BA, 7A.12BAA and 7A.12BAB of standard condition 7A

(c) paragraphs 7A.13 and 7A.13A of standard condition 7A

(d) paragraphs 7A.13B, 7A.13C.1 and 7A.13C.2 of standard condition 7A,

and instead, paragraphs 7A.13D.4 to 7A.13D.6 apply.

7A.13D.4 Paragraph 7A.12B.1 of standard condition 7A is replaced with:

**Termination of Micro Business Consumer Contracts which include a fixed term period**

7A.12B In relation to any Micro Business Consumer Contract which includes a fixed term period, the licensee must ensure that:
(a) a Micro Business Consumer is entitled to give notice of termination before the Relevant Date (or, where applicable, such a later date as may be specified in the Micro Business Supply Contract) in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(b) without prejudice to any notice period which complies with paragraph 7A.11, if, at the end of any fixed term period, a Micro Business Consumer is not subject to a further fixed term period, the Micro Business Consumer is entitled to give notice to terminate the Micro Business Consumer Contract at any time.

7A.13D.5. Paragraph 7A.13 of standard condition 7A is replaced with:

7A.13 This paragraph applies where the relevant Micro Business Consumer Contract is for a fixed-term period and contains a term entitling the licensee to extend the duration of the Micro Business Consumer Contract for a further fixed-term period.

7A.13D.6. Paragraph 7A.13A of standard condition 7A is replaced with:

7A.13A. Where paragraph 7A.13 applies, the licensee may only extend the duration of that Contract for a further fixed term period if:

(a) it has complied with paragraphs 7A.7 and 7A.8;

(b) the Micro Business Consumer has not sent the licensee a notification in Writing before the Relevant Date in order to prevent it from extending the duration of the Micro Business Consumer Contract for a further fixed term period and in order to terminate the Micro Business Consumer Contract with effect from the end of any fixed term period which currently applies; and

(c) the duration of the further fixed term period is 12 months or less.

6. Condition 7A.14 is amended as follows:

Definitions for condition

7A.14 In this condition:

Evergreen Micro Business Consumer Contract means a Micro Business Consumer Contract which is for a period of an indefinite length and which does not contain a fixed-term period that applies to any of the
28

Initial Period

means a period of fixed duration from the start of a contract concerning the supply of gas.

Micro Business Termination Fee

means any sum of money or other compensation (whether financial or not) which might be demanded from a Micro Business Consumer solely because his Micro Business Consumer Contract has ended and/or any sum of money or other reward (whether financial or not) which would have been provided to a Micro Business Consumer if he continued to be supplied under a Micro Business Consumer Contract for a particular period of time and would not be provided to that Micro Business Consumer solely because that contract has ended before that period of time has elapsed.

Out-of-contract Contracts

means a Non-Domestic Supply Contract which continues to apply to a Micro Business Consumer in circumstances where that Non-Domestic Supply Contract has been terminated or has expired through the passage of time and the same licensee continues to supply gas to that Micro Business Consumer.

Order Date

means [day after CMA Order is made] December 2016

Relevant Notice Period

means a notice period of up to 30 days.

Roll-Over Period

means the period of time after the Initial Period for which a Micro Business Consumer Contract will continue pursuant to the Roll-Over Clause.

Roll-Over Clause

means a term providing for a contract to continue (automatically, or at the sole option of the licensee) beyond the expiry of the Initial Period in the event that, during the Initial Period, the Micro Business Consumer has not terminated the Micro Business Consumer Contract or otherwise expressly agreed that the Micro Business Consumer Contract will continue for a period of fixed duration or an indefinite length.

Specified Date

means 25 June 2017.
Microbusiness Remedy Compliance Statement for [insert name of Retail Energy Supplier]

[I/We], [insert name(s)], confirm on behalf of [insert name of Retail Energy Supplier(s)] that during the period commencing on [insert date] and ending on [insert date], [insert name(s) of Retail Energy Supplier(s)] [has][have] complied with The Energy Market Investigation (Microbusinesses) Order 2016.

FOR AND ON BEHALF OF [NAME OF RETAIL ENERGY SUPPLIER(S)]

Signature: .................................................................

Name: .................................................................

Title: .................................................................