



Angus Brendan MacNeil MP
Chair of the Energy Security and Net Zero
Select Committee
House of Commons
London
SW1A 0AA

6 June 2023

Dear Mr MacNeil

We are writing to you today to express our urgent concern and frustration in relation to the impact of unprecedented cost pressures arising from non-domestic energy supply to small businesses and to call for your urgent support to ensure that these businesses do not fail in the light of this challenge.

Collectively our organisations represent small businesses spread throughout every constituency in the UK. As you know, small businesses – including pubs, hair and beauty businesses and convenience stores – are at the heart of every local community and support millions of jobs across the country.

Many of the businesses we represent were left with little or no option to sign new energy contracts when wholesale energy prices were at their highest in the second half of 2022. This situation, coupled with the significant reduction in support under the Energy Bill Discount Scheme, now threatens the livelihood of many small businesses who from April this year have been seeing enormous, and in many cases unsustainably expensive, energy bills once again resulting in an acceleration of business failures.

Our members continue to report a raft of poor behaviours from energy suppliers. Such behaviours include (but are not limited to); placing impossible demands on individual businesses to secure new energy contracts, use of threatening and aggressive sales tactics, failing to pass on the full cost of wholesale price reductions and refusals to discuss legitimate concerns raised by customers on affordability until they fall into debt and a rapid increase in non-commodity linked standing charges which have not fallen in line with the fall in wholesale prices.

We have been working with Ofgem and Government for some time to find solutions to the issues that our members are facing. We are frustrated that this work has been impacted by a lack of meaningful engagement amongst the energy suppliers who seem happy to claim publicly they are working on solutions that in reality are not forthcoming. We have, either individually or collectively, over the last six months called on the Government to; direct suppliers to offer a window of renegotiation for those businesses locked into extremely high rates, direct suppliers to offer an option for “blend and extend” contracts to spread the cost burden, and as a last resort put in place a hardship fund for those businesses at the most severe risk of failure. While one or two companies have stepped forward to provide help of this type – the rest have sadly not.

Further, Ofgem themselves are clearly constrained by the regulatory framework through which they operate, which prevents them from implementing effective changes fast enough to address the more immediate issues we face as well as implementing an enforcement framework to more appropriately regulate the non-domestic energy market into the future.

Given the urgency of this situation and the dire threat our members face, we are jointly calling on you as Chair of the newly convened Energy Security and Net Zero Select Committee to conduct an urgent inquiry into the conduct of energy suppliers during the energy cost crisis, once the Committee has been fully established.

We stand ready to assist the Committee and its staff in any way necessary and would be happy to meet to discuss these concerns further and potential solutions at your earliest convenience.

Yours sincerely,

Emma McClarkin OBE, Chief Executive, British Beer and Pub Association
James Lowman, Chief Executive, Association of Convenience Stores
Richard Lambert, Chief Executive, National Hair and Beauty Federation
Tina McKenzie, FSB Policy & Advocacy Chair, Federation of Small Businesses