

Retail Markets
Ofgem
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23 February 2012

The Retail Market Review: Domestic Proposals

EDF Energy welcomes the opportunity to respond to Ofgem's consultation paper. We have consistently argued that there are four key objectives, which we believe both Ofgem and we share:

- Encourage all consumers to engage, especially the vulnerable;
- Empower all consumers to make well informed decisions;
- Minimise complexity but preserve choice and increase competition;
- Improve trust in suppliers and confidence in the sector.

We welcome the overall direction of Ofgem's proposals and support the vast majority of them. We believe that increasing simplicity for the consumer should be an overarching principle that guides all of the proposed changes to the domestic retail energy market.

In a minority of instances, we believe either that Ofgem has not gone far enough in its proposals to achieve all of the above objectives, or that a modification is necessary to ensure that the objectives are fully met. We believe there are three areas where Ofgem should amend its proposals to a material extent. It should, in our view:

- Adopt the same standardised charge for all products and tariffs with a zero standing charge;
- Introduce an Ofgem managed clearing house to set stable national domestic charges for transmission and distribution costs;
- Create a new two stage approach to investigation and enforcement following the implementation of new Standards of Conduct (SoC) via explicit licence conditions.

We believe that customers value choice. However, it is clear from the research which underpins the theories of behavioural economics that where choice is delivered by increasing complexity it results in consumer harm. We believe that increased complexity results in increased disengagement. Therefore, we believe that Ofgem should modify its proposals as follows:

- Adopt the "single tariff structure" proposal;
- Apply a zero standing charge to all products and tariffs, including both single rate and time of use tariffs, with consumers only having to consider a single national unit rate when comparing tariffs or reviewing bills.

Adopting this proposal would create a simpler comparison between standard and non-standard offers, enabling more consumers to engage with confidence. We do not agree

that adopting this proposal would add significant cost and would create problems for suppliers in designing non-standard tariffs.

We agree with the proposal for a standardised element, set by Ofgem, with suppliers competing on a single unit rate. Furthermore, we wish to see a zero standing charge on both electricity and gas, coupled with Ofgem standardising regional unit differences. This will provide consumers with the simplest way to compare tariffs and to understand their bills, while also benefiting low consuming vulnerable customers.

Consumers face regional variations under the current process for charging for transmission and distribution costs, due to varying elements depending on the network they are connected to, the price controls and charging methodologies. This adds complexity to the domestic market. To achieve Ofgem's objectives of simplicity for comparison of prices, we believe that Ofgem should introduce a clearing house for these costs as they relate to domestic customers, while retaining cost reflective charges in transport and distribution revenue for network providers and business consumers. This would ensure that domestic suppliers and, therefore, domestic customers are charged a standardised national charge for transmission and distribution. Ofgem should analyse the impacts of implementing this new structure to ensure it would not result in additional costs for customers. Detailed charges should be retained for business consumers, who are better able to understand and respond to regional price differences. However, we do recognise that there is a trade off with this approach between simplicity and cost reflective pricing, which is a key consideration under other reviews of charging such as TransmIT.

A standardised national charge would enable the use of accurate comparison tables in national media and remove the need for regional pricing, whether set by the suppliers, as at present, or set by Ofgem through a standardised regional rate adjuster. It would also remove the impact of Ofgem inadvertently affecting supplier's profits or their ability to compete in a non-uniform manner.

We recognise that it will take time to implement the clearing house proposal, but we wish to work with Ofgem and other suppliers to this end. In the interim period, we believe that a standard regional unit rate adjuster, applied to all products, is significantly preferable to suppliers setting regional prices. This would allow simple and consistent comparisons of unit rates for consumers nationally. Consumers choosing the supplier with the lowest national unit rate can be confident they will be on the cheapest tariff, irrespective of which region they live in or how much energy they use.

It is imperative that any standardised element set by Ofgem needs to be changed as often as the underlying costs change. Otherwise, suppliers' ability to compete on equal terms will be adversely affected. The clearing house proposal would remove this timing risk and enable less frequent adjustments to the charge for consumers. It will also be important that the regional adjusters, as well as any future changes, are clearly communicated and explained to consumers and supported by Ofgem.

We see the likelihood of significant tension in the future between the objectives of the RMR proposals to improve simplicity for domestic customers and the objectives of smart metering to introduce more sophistication and complexity in pricing.

We support the proposal to introduce a revised set of Standards of Conduct with the objective of improving trust in suppliers and confidence in the market. However, we have significant concerns about how this may lead to formal investigations being launched,

before a full review of the approach currently undertaken by suppliers. If made public at an early stage, these investigations may unnecessarily undermine consumer trust. To achieve the objective of improving trust, Ofgem should introduce an overarching, enforceable licence condition, with a two-stage process for resolving enforcement issues.

We also believe that the following modifications, or additions, would increase the effectiveness of the proposals and the likelihood of achieving the objectives of improved customer engagement, choice, empowerment, trust and confidence:

- Tariff comparison to be based on £ per annum rather than £ per month;
- A prominent and clear message on comparison tables that unit rates for gas and electricity should not be added together to derive a dual fuel price;
- Suppliers to include the following information on the tariff information label:
 - Environmental impact of the tariff;
 - The consumption band the customer falls within, i.e. High, Medium, Low;
- Ofgem to set up, or endorse, an independent switching service available both on and offline;
- An independent body for referral of possible mis-statements resulting from Ofgem's enhanced monitoring and reporting.

Our detailed response is in the attachment to this letter, and an appendix sets out our comments on the proposed draft standard licence conditions.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Paul Delamare on 0207 752 2187, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director

Attachment

The Retail Market Review: Domestic Proposals

EDF Energy's response to Ofgem's questions

Question 1: Do stakeholders agree that we should introduce the RMR core proposal?

Restoring and maintaining trust in our industry, and ensuring industry, government, the regulator and consumer groups can work constructively together to build that trust is critical. We are committed to working with Ofgem in order to improve consumer engagement with the market by simplifying tariffs.

EDF Energy wishes to operate in a market where each consumer is empowered to make the right choice and suppliers are able to compete on a fair basis, which results in robust competition. We agree that Ofgem is trying to tackle the problems of consumer engagement by enhancing the dynamics that create an effective and competitive market in a constructive way and support the majority of Ofgem's proposals.

We agree with much of the RMR core proposal. However, we believe that the proposal needs to go further, in some respects, to be more effective in engaging all consumers, especially the vulnerable.

It is clear that adding complexity to consumer offerings deters many consumers from engaging with the market. Ofgem's proposal appears to rely upon an assumption that consumers who do not engage will benefit from the "ripple" effect of competition in standard tariffs, driven by comparisons with non-standard prices. We believe there is a considerable risk that many consumers will find the price comparisons between non-standard and standard tariffs too difficult and will, therefore, default to standard tariffs. This will reduce or negate the "ripple" effect, resulting in less competitive standard prices. We see the best way of ensuring that this does not happen is to enable consumers to compare standard and non-standard products as easily as possible. Increasing structural differences will result in greater numbers of consumers defaulting to standard tariffs and potentially incurring higher prices. Therefore, in order to engage the maximum number of consumers, the structure of non-standard products must mirror that of standard products as closely as possible.

The simplest outcome for the domestic market would be one where all standard and non standard products have a zero standing charge, coupled with Ofgem standardising regional differences, with suppliers competing on national unit rates applicable to all regions. This would result in consumers only having to compare one unit rate to establish the cheapest product and then only seeing the chosen unit rate on their bill.

We believe that regional differences in the transmission and distribution costs for consumers adds significant complexity to the retail market, leading to inconsistent regional pricing strategies and corruption of tariff comparisons through national averages.

National unit rates could be achieved by Ofgem setting a national domestic transmission and distribution charge. This would require a clearing house operated by Ofgem to insulate domestic consumers from the detail of network provider revenue recovery models, which we do not see the need to alter. This could be administered by Ofgem setting a (proposed annual) charge for suppliers to levy on consumer bills. The national charges for domestic customers could be based on a £/product, a p/kWh, or a % levy on bill value. We strongly favour either of the latter two options as they would be consistent with the principle behind the current methodology of linking the majority of charges to consumption, and would protect low consuming vulnerable customers. Any under or over recovery of revenue from consumers in any given year could simply be rolled into the next year's update to the charge.

We recognise that the introduction of levelised domestic transmission and distribution charges would take time to implement and that there is a trade off with this approach in terms of cost reflective pricing, which is a key consideration under other reviews of charging such as TransmiT. In the interim, we believe Ofgem should introduce standardised regional unit rate adjusters which are applicable to all products. Although this would add some complexity to a customer bill, this would be outweighed by the simplicity gained when comparing tariffs and the removal of inconsistent, potentially non cost reflective, regional differences in prices.

Reducing tariff complexity alone will not be enough to engage consumers to switch. In addition, industry and Ofgem will need to clearly explain the differences between a standard tariff and other products. Ofgem and industry will also need to provide guidance to consumers on how and when to switch at the end of time limited tariffs and further explanation to those affected of why some existing evergreen tariffs will no longer be available.

We believe that the RMR proposals will need to evolve further to work effectively in a Smart Metering market. There is a clear tension between the need for simplicity in consumer choice that drives the RMR proposals and the additional complexity in time of use Smart tariffs foreseen in the future. The priority for any evolution should be maintaining simplicity for consumers in the decision process to enable the benefits of Smart Metering to be reaped by the largest number of consumers possible.

Standard variable (evergreen) tariffs

We agree with the majority of the core proposal for standard products. We believe that creating one standard variable tariff provides a simple solution that will be easily comparable by the vast majority of consumers, when combined with a price comparison table and tariff information labels, allowing them to compare products on a like for like basis.

We agree that all suppliers should be limited to one standard variable tariff for single rate meters and support the proposal that an additional "green" tariff should not be allowed. We also agree with the proposal that suppliers should be prohibited from offering discounts and combining standard tariff supply contracts with other goods and services.

Consistent with our overall response, we believe that a judgement must be made between simplicity and choice. We believe that adding a further green tariff and allowing

discounts and links to other goods and services would add additional complexity and destroy more value in terms of causing consumers to disengage, or make the wrong choice, than that derived by consumers in added choice. We agree that suppliers should be free to offer a “green” tariff as their standard variable offering if they wish to do so, but this should not be mandatory.

We agree that suppliers should be limited in the number of additional time of use tariffs that they can offer as it is important to ensure the proposals are simple to understand for consumers. However, there is an issue with respect to how consumers on other time of use tariffs are migrated and what happens to them at the end of any potential time limited period. We propose that Ofgem and energy suppliers, possibly through the Energy Retail Association (ERA), should work together to find a solution that is in the best interests of the consumers affected.

Ofgem is requested to clarify how the RMR proposals will work in a Smart Metering market, which will be important for achieving the cost benefits of behaviour change through greater understanding of energy use. We believe the proposals will need to evolve with the introduction of smart metering to allow multiple evergreen variable tariffs in this market, while maintaining the principle of simplicity of comparison.

We agree that, in order to provide simplicity, all standard tariffs must be structured in a uniform way so that they can be compared on the same basis. We believe that a national standing charge, set by Ofgem, and a national unit rate, or rates, set by suppliers, is the best way to simplify the decision for consumers. The simplest solution would be for a zero standing charge on both electricity and gas, coupled with Ofgem standardising regional differences.

This structure means that consumers on single rate meters need only consider the unit price differences between suppliers in order to determine the best standard variable deal on offer at any time. However, the decision is more complex for time of use tariffs, as they must consider their mix of usage across the day. We believe that the additional features Ofgem proposes in terms of an annual statement and a tariff information label will give consumers on these tariffs what they need in order to engage fully with confidence.

We agree that unless the regional differences in transmission and distribution costs are addressed through an Ofgem managed clearing house and the setting of levelised domestic charges, it is necessary for Ofgem to determine a unit rate adjuster which must be applied to all consumers in each region, to account for these differences:

- It would be wrong to include these in any regional variation to standing charges, as the majority of these costs are variable in nature, driven by consumption;
- Equally, suppliers should be able to reflect regional variation in prices to consumers, as a supplier’s mix of consumers across regions would influence its national price, or relative profitability, against competitors;
- Without this regional adjuster, Ofgem would be affecting suppliers’ ability to compete on equal terms.

We believe that the regional adjuster must be changed as often as the underlying costs change:

- We propose that the adjuster is not changed for indicative charges by transmission and distribution companies, but is changed to reflect “final” charges billed to suppliers;
- We propose that changes to the regional adjuster are not required to be notified to consumers separately, as this would add significant costs to suppliers that would need to be passed on and result in higher bills. Notifications would provide little benefit for consumers given that the cost is determined by Ofgem and is a uniform charge dependent upon where they live;
- Ofgem should publish details of the changes on its website and in the national media.

We believe that an Ofgem administered unit rate adjuster would remove a major area of complexity for consumers, allowing a transparent national price comparison not clouded by averages across regions. This would give consumers confidence in the choice process, irrespective of which region they live in or how much energy they use.

The introduction of an Ofgem clearing house and national domestic charges for transmission and distribution would remove the need for the regional adjuster. This would remove the complexity of the regional adjuster in customer bills and provide the transparency and simplicity of national supplier prices for consumers.

We will respond separately to the consultation paper on the standardised element of standard tariffs; however, we support the exclusion of the majority of transmission and distribution costs from the standing charge. We propose the introduction of a zero standing charge, coupled with Ofgem standardising regional differences, as explained further in our response to Question 2.

We believe that, if introduced, the standing charge for single rate meters and time of use tariffs must be the same. This proposal is driven by the desire to engage consumers through providing a simple, clear, comparison. If consumers are faced with different standing charges, the decision whether to take a time of use tariff, or move to a standard single rate meter is made more complex. Standing charges should therefore be kept the same to increase the likelihood of correct decisions on tariffs. If this standard charge is set at zero, alongside an adjustment to the regional rate, this provides for the simplest comparison possible.

Non-standard products

We believe that the proposal for non-standard tariffs does not go far enough and that more needs to be done by all parties to ensure consumers have the best chance of engaging in the market, with ease, in order to make well informed decisions.

In order to achieve this, we believe that the same regional adjuster and, if implemented, standing charge must be applied to both non-standard products and evergreen products. Our belief is again driven by a desire to see consumers engage by providing a simple and clear comparison between offerings.

We believe that, by allowing discounts and incentives, there is enough scope for suppliers to differentiate their offerings. It is clear that a substantial number of consumers can either make the wrong decision, or default to the easiest choice option when faced with

too much complexity in the choice process. By making the regional adjuster and standing charge uniform across both standard variable and non-standard products, this makes the comparison easier and consumers need only compare the national unit price, incentives and discounts. We believe that a maximum of three dimensions are as much as consumers should be required to take into account. If there are any more aspects than this, we foresee that consumers who could be engaged in the non-standard market are likely to remain on, or default to, a standard variable tariff.

We do not agree with Ofgem's conclusions (para 2.69 – 2.71 in the RMR Proposals) that the single tariff structure proposal would create problems for suppliers in designing certain tariffs and would restrict innovation and limit choice. Suppliers would be free to offer whatever discounts and/or incentives they wish, which provides adequate scope for differentiation. Ofgem states that consumers would need to compare standard and non-standard tariffs using a price comparison table, and therefore it would be clearer for consumers if both types of tariff had the same structure.

We disagree with Ofgem's assertion (Draft Impact Assessment para 1.185) that competition within the non-standard segment of the market may be less intensive under the single tariff structure proposal than RMR core on the grounds that a smaller range of tariffs would be available if the standing charge were the same as for standard variable.

We believe that competition will be intense in the non-standard sector of the market. However, we do not want to see a non-standard market that offers intense competition for a small minority of consumers. We have concerns that this would have the opposite effect to the intention of simplifying tariffs and increasing consumer engagement, as very few customers would be able to understand this complexity and derive any benefits. Increased simplicity should deliver more effective competition and higher engagement for all customers, including vulnerable consumers. In addition, it reduces the likelihood of consumers making the wrong switching choice and incurring higher overall costs.

We do not agree that this proposal would result in significantly higher implementation costs than the core proposal. We propose that the non-standard tariffs on offer in the market at the time of implementation are allowed to continue unchanged until they are withdrawn, with a maximum period for withdrawal set at six months. Any existing product with a different structure to RMR proposals would need to be excluded from comparison tables, as it would be non-comparable. This would incentivise the early adoption of the new structure by all suppliers. Any new product brought to market post implementation would be required to be offered with the uniform standing charge. In this way, suppliers will not incur additional costs of amending existing products. Assuming that the implementation period notified will allow for a substantial period of time to change IT systems, suppliers will have adequate time to make product planning decisions in the lead up to implementation.

We agree that there should be no limitation on the number of non-standard products that a supplier may offer and we agree that they should all be fixed term, with clear end dates and switching windows. We also support the proposals for no adverse unilateral variations, clear penalties, provision of contract terms in advance of contract agreement and no auto-rollovers.

However, we believe that suppliers should be free to offer non-standard tariffs that are fixed term but have prices linked to a relevant, transparent and published index. Market

trackers are in the consumer's interest as they offer a simple alternative to fixed price products. To ensure transparency, tracker products should only be allowed when the supplier offering a product is not dominant enough to influence the market price being tracked.

We agree with the 42 calendar day switching window. This allows adequate time for a consumer to engage and switch, if they so wish.

We agree that exit fees should be allowed. However, we believe that these should be cost reflective, effectively making them capped:

- It is our desire that consumers should not feel "trapped" by a product choice and should be able to move from their current product if they so desire;
- Equally, a supplier's hedging strategy for a fixed price product is likely to be different from that of its variable tariff. We believe that the exit fee should reflect the incremental cost that a supplier may incur if the consumer leaves, but should not be allowed to be set at such a level as to unjustly prohibit the consumer from leaving;
- Suppliers should be free to offer no exit fees, or waive fees, if they desire.

We agree that suppliers should be required to write to consumers at the beginning of the 42 day window in a format prescribed by Ofgem and prompt them to engage.

We agree with the proposal to allow consumers to switch without an exit fee during this window and to remain on the same price until they switch, if they have notified their supplier of an intention to switch before the end of the window. The introduction of smart meters and faster switching capability may require this window to be reviewed to maintain the most effective period for promoting consumer engagement.

We believe that the regular disclosure of suppliers' average non-standard tariff price would be misleading to consumers and adds no value to the decision making process between standard and non-standard product.

Currently, suppliers offer a number of different duration fixed price products. These are priced at different levels, as the longer periods carry more risk for the supplier in terms of offering a guaranteed price, whilst accepting that all costs cannot be fixed. This mix of durations has a direct effect on the average price of non-standard products and, therefore, results in any comparison between a standard and average of non-standard prices being meaningless.

Question 2: Which cost elements should be included in the standardised element of standard tariffs?

EDF Energy believes that there is a clear choice between simplicity and strict cost reflectivity in determining the elements that should make up the standing charge.

We believe that simplicity and, as a consequence, clarity are more important than the standing charge being strictly 100% cost reflective. To obtain a totally cost reflective

standing charge, suppliers would need to have different standing charges from each other and between payment types.

Clearly, Ofgem's desire, which we share, is for a simpler, clearer, standing charge that results in less complexity for consumers and a greater ability to compare tariffs and product offerings across standard and non-standard products. This should lead to greater consumer engagement than if standing charges are allowed to be set at any level.

We believe that the simplest approach would be to set a £nil standing charge for both electricity and gas and, as explained above, for all standard and non standard tariffs. In addition to its simplicity, this also means that customers with a lower consumption would pay less per total unit consumed than if a standing charge were applied. We believe this is consistent with our desire for the RMR proposals to protect vulnerable consumers.

We believe that only the fixed distribution costs based on a per product basis could be included in the electricity standing charge given that other transmission and distribution costs are based on actual consumption. However, a £nil standing charge on electricity would be simpler and, given the relatively small value of fixed distribution costs, would only have a minor impact when included in the unit rate. This would also allow regional differences in fixed distribution costs to be reflected in the Ofgem set regional adjuster.

Ofgem's proposal is for one national standing charge. This creates imperfections in cross-regional subsidisation. Our proposal of including these costs in the regional unit rate adjuster is also imperfect, as it imposes a cross-subsidy between customers with high and low consumption, but, we believe, is a significantly better solution to the issue of how to reflect regional transmission and distribution costs in consumers bills.

We agree that gas should have a £nil standing charge as all transmission and distribution costs are linked either to immediate or lagged consumption.

We believe that the costs for environmental programmes, metering and Warm Home Discount should not be included in the standing charge. The cost of environmental programmes is not borne by all consumers, as small suppliers are exempt from this cost.

We see two potential options for dealing with those costs not incurred by small suppliers, but believe neither would be in the best interests of the consumer:

- Small suppliers are allowed to charge a different standing charge from large suppliers. We see this as confusing for consumers, as per our comments earlier on ensuring that consumers have to deal with the least complexity as possible;
- Small suppliers are allowed to charge the uniform standing charge and effectively receive income for which they do not have a cost to offset. We believe that this is confusing for consumers, as it incorrectly indicates that they are paying for something for which they are not and could be deemed to lack transparency.

We believe that because environmental obligations are effectively volume targets and not financial targets, it is impossible to predict a known standard cost of delivery. For this reason, alongside the effect on small suppliers, we believe that environmental costs should not form part of the standing charge.

The cost of metering is also an unknown cost, per customer, for each supplier, as it comprises of both regulated and unregulated costs:

- Ofgem has proposed that there will only be one standing charge for all single rate meters;
- Therefore, standing charges for prepayment and credit meters would have to be spread across both payment types;
- If this is the case, any standing charge would be inexact, as it would include the meter rental for both meter types;
- In addition, meter reading costs per customer vary between suppliers, depending upon meter reading strategies, payment type and commercial agreements;
- We therefore propose that metering costs are excluded from the standing charge.

The cost of Warm Home Discount is largely based on product numbers and would, therefore, be more precise if included in a standing charge. While it could be argued that this should be a cost passed through to customers in the standing charge, we believe that this cost should also be excluded from the standing charge in order to be consistent with the exclusion of the cost for environmental obligations and in-line with our proposal to simplify the choice process for consumers by having a zero standing charge.

Question 3: Do stakeholders agree that our information remedies would help consumers engage effectively? If not, what would be more appropriate remedies?

We agree with Ofgem's proposed tariff information remedies. However, as stated in our response above, we believe that Ofgem should go further in simplifying tariff structure by setting the same regional rate adjuster and standing charge across all products to ensure the unit rate is directly comparable:

- Ofgem's own research shows that only 44% of non-E7 consumers and 19% of E7 consumers selected the cheapest tariff when standing charges differed between suppliers. This rises to 81% and 47% respectively if the standing charge is the same and 85% and 70% with a comparison guide.
- We believe this provides evidence that there would be a large number of consumers who would make the wrong decision if the standing charges are allowed to differ.

We support the introduction of a tariff information label. However, it will be necessary to support consumers to understand and engage with the information presented. Many consumers do not know whether they are a high, medium or low consumer. A simple indicative key showing the type of household at each consumption bracket would help guide consumers when using the information labels. We also believe that it is necessary to indicate on the annual statement which bracket the consumer falls within.

We believe that more needs to be done to encourage vulnerable consumers to engage, which we cover in our response to Question 22.

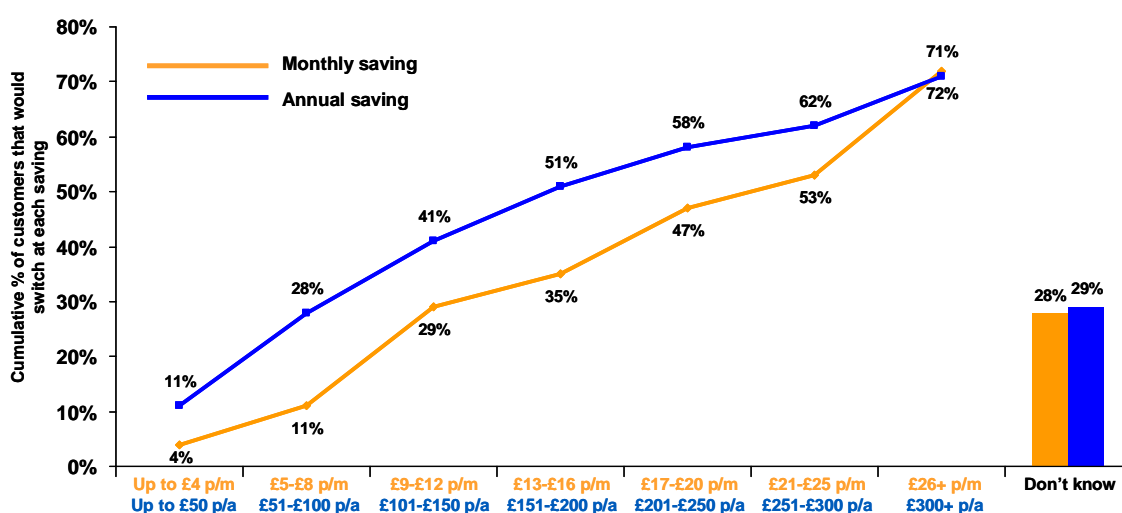
Question 4: Do stakeholders consider that the price comparison guide should be presented in a p/kWh figure, a £ per month figure or both?

EDF Energy believes that in order to encourage consumers to engage, prices and product offerings need to be displayed in the simplest way, so they can be compared on a like for like basis. We strongly believe that presenting prices in £ per month would lead to confusion for consumers for the following reasons:

- Many consumers believe that their direct debit charge will exactly reflect their bill. Bills that do not exactly correspond to direct debit charges are a source of consumer complaints and mistrust;
- Providing prices in a £ per month, rather than £ per annum risks increasing this problem, as it provides an expectation that the direct debit charge will mirror the indicative monthly charge, which, in turn, will be the value of the bill;
- This is of particular concern in gas, given the seasonal nature of consumption;
- We believe that values expressed in typical £ per annum are an easily recognised and understood metric which maximises the savings message available to consumers. We see no reason to move away from this as a principal means of comparing offers.

Our research has shown that a higher proportion of customers will switch when the same saving is presented in £ per annum than when it is presented in £ per month (Fig 1). Presenting the price comparison in £ per annum is more likely to increase consumer engagement and switching.

Fig 1: The minimum per month or per annum saving required to switch



ICM telephone omnibus, 3rd-5th February 2012

486 respondents answering on monthly figures 516 respondents answering on annual figures

Under the RMR proposals it is probable that the p/kWh unit rate will become a reference figure for consumers engaging in the market. We believe there is a risk that some consumers will add the unit rates for electricity and gas together in an attempt to derive the cost of a dual fuel tariff, leading to an incorrect assessment due to the significant difference in average kWh usage of each fuel. We propose that Ofgem introduce standard wording for inclusion in tariff comparisons to provide guidance for consumers to avoid this potential error.

Question 5: Do stakeholders agree that the proposed exceptions for legacy social tariffs and extremely high consumption domestic consumers are appropriate?

We agree that suppliers should be allowed to apply for derogations to the RMR core proposal for legacy social and discounted tariffs that were reported to Ofgem under the voluntary social programme. In addition, we agree that these should be time-limited and should expire on 1 April 2014.

We agree that it is necessary to determine to whom the RMR core proposal applies:

- We agree that it should apply to domestic consumers and therefore, on electricity, be limited to domestic consumers on profile classes 1 and 2. However, there are also some business customers who fall within these profile classes, and so Ofgem will need to find a method of excluding these customers from the scope of the proposals;
- For gas, we believe that a similarly simplistic approach needs to be taken, and we propose that the RMR core proposal should apply to domestic consumers on EUC 1, currently with an annual consumption limit below 72,000kWh

Question 6: Do stakeholders agree that we should not allow an exception for suppliers to offer a green standard tariff in addition to an “ordinary” standard tariff?

EDF Energy is committed to reducing the impact of energy consumption on the environment. However, as noted in our response to Question 1 and consistent with our overall response, we believe that a judgement must be made between simplicity and choice. We believe that adding a further standard variable green tariff would add additional complexity and destroy more value, in terms of causing consumers to disengage or make the wrong choice, than the possible value derived by consumers in added choice.

We do, however, believe that suppliers should be free to offer a “green” tariff as their standard variable offering. We anticipate that this will be the choice of some suppliers and that there will also be a competitive market in non-standard green products.

Question 7: Do stakeholders believe it would be appropriate to introduce a six-month price guarantee for standard tariffs, or do you consider that this would undermine the simplicity of the RMR core proposal?

We believe that it would not be appropriate to introduce a price guarantee, as it would have unintended consequences for price changes. The most likely scenario where we can see this price guarantee being taken up by consumers is when a supplier changes tariff.

In a competitive market, there is an incentive for suppliers to lag behind the leading supplier when increasing tariffs, so that it can attract more customers to grow in size, but equally, it would be incentivised to move as quickly as possible to mirror a tariff decrease, so as not to lose competitive price advantage and customers. However, when tariffs are increasing there is a limit to how many customers lagging suppliers can acquire as they will not have bought the energy forward and will most likely make a loss on the acquired customer. In addition, there is a short term processing capacity for all suppliers.

We can foresee a situation whereby Supplier A increases its tariff. Customers of Supplier A seek alternative suppliers to guarantee the price for six months. Supplier A will have to sell any energy it has bought to fulfil the sale to consumers back to the market. Suppliers B-Z will have to buy energy from the market to fulfil the requirements of the new customers. This is likely to mean that all suppliers make a loss on the customers that have moved. The most logical consequence is, therefore, for Suppliers B-Z to increase prices as soon as Supplier A moves in order to avoid the acquisition of large amounts of loss making consumers. We see this as a dangerous scenario as it would have the impact of limiting competition.

In addition, if suppliers were required to offer this guarantee, it would mean applying bespoke tariff change dates to consumers who had switched supplier and for whom their tariff had subsequently changed. This would create a significant overhead, resulting in additional costs that, by virtue of one national price, would be passed onto all consumers.

Question 8: Do stakeholders agree with our recommended proposal of Option 3 ("Introduce more prescriptive rules") for bills and annual statements?

EDF Energy wishes to operate in a market where consumers are empowered to make well informed decisions.

We agree with the proposal to introduce more prescriptive rules for bills and annual statements.

We believe that the recommended changes to both bills and annual statements will improve consumers' ability to engage with the market with confidence:

- Over time, consistent wording, using standardised terms and common formats, will provide consumers with the ability to understand better their bill and annual statement;
- We believe the tariff information label is key to enabling consumers to compare products easily;
- We agree that it is right to prompt consumers to engage pro-actively with the market and check whether they are on the best deal for themselves.

While we support the proposals, we believe there is a balance to be struck between providing information and ensuring simplicity for the consumer. Ofgem should ensure that the new prescriptive rules do not lead to increased complexity of bills and annual statements. In particular, consideration of other changes to be made to customer bills through Government initiatives such as the Green Deal need to be factored in to any assessment for consistency.

We believe that the benefits to be derived by consumers will more than outweigh the costs of implementation. However, we do believe that Ofgem must allow a substantial period of time for suppliers to implement the changes. We would need to understand the detailed requirements, and estimate that, depending on the scale of changes, a lead time of 6 to 12 months will need to be allowed between the final notification of required changes and any date for implementation.

Question 9: Do stakeholders agree with our recommended proposal for SLC 23 notifications including price increase notifications of option 3 ("Additional information plus prescribed format") and option 4 ("Tighten and clarify policy intent")?

As stated above, we wish to operate in a market where consumers are empowered to make well informed decisions, and we believe this recommendation is consistent with this objective. Therefore, we agree with most of the proposal for SLC 23 notifications:

- We agree that it is right to require suppliers to apply prescribed formats to SLC 23 notifications and display information that is prescribed by Ofgem. This will provide consumers with familiar information that, over time, will enable them to engage with confidence;
- We agree that it is right to extend the period in which the licensee has to receive a notice of transfer from 15 to 30 working days.

We disagree, however, with the proposal to prohibit suppliers from including additional marketing material in price notifications as detailed in our response to question 11.

Question 10: We seek views from stakeholders on the additional requirements outlined in option 3 ("Additional information plus prescribed format") for SLC 23 notices including price increase notifications.

Our view on the additional requirements is as follows:

- We agree that suppliers should be required to show the new and old unit rates and standing charges alongside each other;
- We believe that it would be valuable to a consumer to see the percentage change as well;
- We do not agree with displaying indicative customer costs in a £ per month format. As discussed above, we believe a £ per annum figure will give a more transparent view of the impact of the change and increase consumer engagement. The use of a £ per month figure is also likely to have negative

unintended consequences, such as incorrect expectations of the monthly direct debit charge;

- We agree with personalised tariff information;
- We believe that the call out box at the bottom of the price change notification (appendix 3, p74) should be to an independent switching service and/or Ofgem website, telephone number or address, consistent with our view of engaging the maximum number of consumers, especially those who are vulnerable.

Question 11: We seek views on any proposals to restrict the inclusion of additional materials (e.g. marketing material) along with SLC 23 notifications.

We disagree with the proposal to prohibit the inclusion of additional marketing material alongside SLC 23 notifications:

- We believe that there remains a gap in consumer understanding of the causes of tariff increases and decreases, often fuelled by the media. Although the RMR proposals will increase consumer engagement and knowledge, we believe that there will remain a need to support consumers in explaining clearly why our prices are changing;
- We believe that allowing the supplier to identify alternative offers to which the consumer may wish to switch, in a stand alone document alongside the SLC 23 notice, must be in the consumer's interest, if communicated in a clear, simple way that is not misleading.

Question 12: We seek views along with any supporting data or evidence for our proposals for information signposted to consumers in option 4 ("Tighten and clarify policy intent") for SLC 23 notifications including price increase notifications.

We agree with almost all of the proposed changes to SLC 23 as outlined on p47 of the RMR proposals document.

However, we disagree with the proposed inclusion of a statement to the effect that the customer may wish to consider changing their supplier. We believe it would be clearer to include a statement that reminds consumers to review the alternative products available in the market and that they can change supplier.

Question 13: We seek views on any additional recommendations which stakeholders consider relevant for bills, annual statements and SLC 23 notifications.

As stated above, we believe that offering a green tariff in addition to an ordinary standard tariff would result in confusion for many consumers.

However, we believe that many consumers want to know the environmental impact of the energy they use and, for this reason, we believe that the tariff information label should also include the environmental impact of the tariff for electricity tariffs. We believe

that this should be displayed in a simple to understand format, similar to the star rating proposed for customer satisfaction.

We believe that the annual statement needs to indicate to a consumer whether they are a high, medium or low consumer. This will help consumers use the most relevant estimates of cost at these indicative consumption levels displayed on other communications, e.g. the tariff information label.

As stated earlier, we believe prices should be displayed in £ per annum, rather than £ per month.

Question 14: We intend to consult on the content of the Confidence Code separately if and when we take over the governance responsibility for it. However at this stage we welcome any early views on developing the Confidence Code.

We welcome Ofgem's decision to apply to take over the Confidence Code for switching sites and would be pleased to provide further views when this decision takes effect.

Question 15: We welcome views from stakeholders on our proposals for enhanced monitoring.

We agree with Ofgem's proposal to provide enhanced monitoring and reporting of suppliers' performance. We agree that this would provide a greater level of transparency of supplier performance to consumers and will enable consumers to confidently engage with the market in a more informed manner.

However, we believe that consumers could become overwhelmed with data, which would cause them not to interact with data published. Consistent with the theme of our response; we believe that care needs to be exercised in the volume and manner of publication so that the data is clear and simple.

We believe that Ofgem should publish data on all suppliers, not just major suppliers. This may provide a benefit to small suppliers, as consumers would become more familiar with their brands. In addition, it is important that the same standards of monitoring and reporting should apply to all suppliers operating in the market.

We remain concerned about the potential brand damage and loss of consumer trust arising from well-intentioned, but inaccurate, or incorrect, statements by Ofgem. It is therefore important that suppliers have the opportunity to discuss any issue with Ofgem and are given the opportunity to comment on proposed Ofgem statements prior to their publication.

In addition, we believe that there is a need for an independent body to be nominated which a supplier can appeal to if it feels that an Ofgem communication is wrong or misleading. Otherwise there is no check on any potential mis-statement by Ofgem, other than legal redress.

Question 16: We invite specific views on costs and other implications if we were to introduce our proposals. Please provide details and cost estimates where appropriate broken down by each proposal.

We expect that the costs of implementation will be outweighed by the benefits that will accrue to consumers. Therefore, we support the vast majority of Ofgem's proposals.

Our range of cost estimates for the individual proposals is noted below (rounded to £m):

- Changes to standard and non-standard tariff structure £1m;
- Changes to bills, annual statements and price change notifications £2m;
- Explaining changes to tariffs and bills to our customers £2m;
- Increased reporting and monitoring £1m.

In addition, it is important that Ofgem allows sufficient time for all suppliers to implement the changes. We need to understand the detailed requirements, but expect that the changes would take us approximately six to twelve months to implement depending on the scale of changes in the final proposal.

Question 17: Do you consider the revised SOC's will help achieve our objectives?

EDF Energy is supportive of any proposal that aims to improve and rebuild trust in suppliers and confidence in the sector. We want to operate in a competitive market where consumers wish to engage with confidence and can make well-informed decisions. Key to this will be the involvement of all stakeholders, Government, the regulator, industry and consumer groups.

We believe Ofgem and suppliers should share best practice and work in an open and cooperative manner in order to build customer confidence and trust. This approach to sharing best practice is already used in the nuclear industry and has had a positive effect on improving the standards of the whole industry.

We believe that there is a variable approach to improving transparency and clarity of information by suppliers and we believe that the implementation of this proposal will improve the likelihood of all suppliers improving their approach.

For this reason, we support in principle Ofgem's proposal to introduce the revised SOC's to promote best practice and transparency, but only if supported by a new two stage approach to investigation and enforcement.

This approach would reduce the likelihood of investigations being made public too early and undermining the consumer trust and confidence that the SOC's are intended to deliver.

Question 18: Do you agree the revised SOC's should apply to all interactions between suppliers and consumers?

We agree that the revised SOC's should apply to all interactions between suppliers and consumers, but should be limited in scope to those interactions with customers arising out of a supplier's authorised activities.

We are concerned however with Ofgem's approach to the definition of "representative". Any proposal to impose requirements on suppliers in respect of persons outside of their control would expose suppliers to unmanageable and unacceptable risk.

We also believe that Ofgem needs to be mindful of circumstances where other regulatory obligations relating to a supplier's interactions with consumers could require suppliers to act in a way potentially contrary to the SOC (e.g. the requirements in relation to direct debit payments under the draft Green Deal licence condition).

Question 19: Do you agree that the SOC should be introduced as an overarching, enforceable licence condition?

EDF Energy wishes to operate in a market where there is a high degree of trust in suppliers and confidence in the sector. To achieve this, all suppliers and the regulator need to work together to build trust. It is in neither the supplier's nor the regulator's interest for the regulator, or any other body, to publish reports on suppliers and/or the workings of the market that have the effect of damaging consumer confidence.

Recognising the low level of trust and confidence amongst consumers, we agree that the SOC should be introduced as a legally binding obligation via a licence condition. The alternative of introducing the SOC on a non-binding basis, even if supported by a public commitment from all suppliers, would not, in our view, be sufficient to secure the desired outcomes.

However, it is important to recognise that the introduction of the SOC in the manner proposed by Ofgem would represent a significant move towards a principles based approach to regulation. We agree this has merit in terms of the perceived flexibility that would be afforded suppliers in how they achieve the new standards. At the same time, the inherently subjective nature of the SOC would also introduce additional regulatory risk and uncertainty in terms of managing compliance, particularly in circumstances where Ofgem has assumed or expected a different type of response and approach from suppliers towards meeting the new standards. Current investigations have clearly demonstrated the gap that can exist between Ofgem and a supplier when it comes to the interpretation of licence requirements and the acceptability (or otherwise) of the compliance response.

We are also firmly of the view that the SOC will require a new approach to enforcement by Ofgem. Ofgem's current enforcement approach would neither be acceptable nor appropriate and would run the risk of Ofgem launching formal investigations before reaching a full view of the legitimate approaches which can be taken by suppliers to achieve compliance. Such investigations are typically made public and will not be conducive to building consumer trust.

In light of the above, our view is that the introduction of the SOC should be accompanied by guidance from Ofgem on its interpretation of the proposed licence condition to help remove uncertainty and to provide clarity to suppliers and consumers. As indicated above, we also believe it imperative that Ofgem adopt a two stage approach to investigation and enforcement:

- a. Where Ofgem identifies a concern or suspects a breach, the process must allow adequate time for the supplier and Ofgem to undertake a dialogue, allowing the supplier to explain its approach and to agree improvements as appropriate;
- b. Formal enforcement action should only commence where a supplier had not made appropriate changes in the agreed timescales or otherwise failed to resolve the issues giving rise to the original concerns or suspected breach.

Question 20: Do you have information regarding potential costs this may impose on suppliers?

Notwithstanding the flexible nature of the SOC in terms of approach to implementation, their importance is likely to result in significant resource being devoted to them by suppliers initially. That, combined with the wide scope of the SOC applying to all supplier interactions with consumers, is likely to impose additional compliance costs on suppliers. EDF Energy would need to assess the extent to which it needs to impose further controls and processes to provide evidence of compliance.

Question 21: Do you agree with our analysis of the impact on vulnerable consumers?

In our response to the initial RMR proposals in June, we said that we wanted to encourage all consumers to engage, especially the vulnerable.

We agree with Ofgem's assessment that consumers who are vulnerable are more likely to be disengaged or "sticky" consumers and that it is these consumers who find it most difficult to navigate the market and potentially access the best deals.

We agree with Ofgem's objective of encouraging more consumers to engage actively with the market but we accept that some will still choose not to engage.

Question 22: What are your views on the need for further intervention?

We believe that no consumer should be prevented from engaging because of a lack of ability to understand and compare offers in simple terms, especially as it is this segment of the market that arguably has the most to gain by engaging.

It is for this reason that we believe Ofgem's proposals do not go far enough to protect vulnerable consumers and enable them to engage with confidence.

It is clear from the research that informs the theories of behavioural economics that greater complexity causes consumers to make a simplified decision, which is often wrong.

Therefore, in order to engage the maximum number of consumers, particularly those who are vulnerable, we believe that Ofgem needs to go further:

- As previously stated, in order to make comparisons as easy as possible, we believe that Ofgem should require the standing charge for non-standard products to be the same as for standard variable tariffs. This simplifies the comparison and will enable more consumers to engage with confidence. Furthermore, we believe this charge should be set at zero and that suppliers should therefore compete on a single national unit rate, which provides the simplest price comparison possible.
- We reiterate our call for Ofgem to set up, or endorse an independent, not for profit, switching service that is available to consumers through the internet, but importantly for vulnerable consumers is available by phone and post as well. Ofgem's own research shows that consumers would value this option.

Question 23: Who in particular should any additional support be targeted at?

We believe that additional support should be targeted at those consumers who wish to engage, but who find it difficult. The challenge is to identify these consumers. We believe these are likely typically to be one or all of the following subsets of customer:

- Older;
- On low income;
- Without internet access;
- Those who have never engaged.

EDF Energy
February 2012

Appendix 1

The Retail Market Review: Domestic Proposals

EDF Energy comments on the Draft Licence Conditions for Ofgem RMR Domestic Proposals Consultation Draft – December 2011

SLC	Comment; and Proposed amendments
SLC 1A Para 1 & 3	<p>Insert "Authorised" before "activities of the licensee".</p> <p>As currently drafted the scope of the obligation could extend to activities undertaken by the licensee which are not directly related to the licensed activity of supplying electricity/gas. Also the definition of "Customer" could extend the scope of the obligation to arrangements between the licensee and a person in relation to non supply products and services offered to an individual who falls within the generic definition of "Customer". Inserting the word "Authorised" would appropriately constrain the scope of the obligation to activities undertaken by the licensee which form part of its licensed activity only. It is not appropriate for supply licence obligations to extend beyond electricity/gas supply activities.</p>
1.A Para 4(b)(iv)	<p>"(with more important information being given appropriate prominence"</p> <p>"important information" is open to interpretation and may differ between supplier, customer and Ofgem. Any guidance on the Standards of Conduct (SoC) published by Ofgem should provide clarity to suppliers in this respect.</p>
SLC 1.A Para 4(c)(ii)	<p>"make a mistake"</p> <p>It is unclear who would determine whether a mistake has been made. Again interpretation of what is a mistake may differ between suppliers and customers. Suggest that wording is amended to "make a legitimate mistake".</p>
SLC 22A Para 6	<p>Suggest revised wording "The licensee and any Affiliate Licensees, must collectively ensure that at all times....."</p> <p>Improves drafting.</p>
SLC 22A Para 6(b), (e) and (g)	<p>Delete references to Affiliate Licensees.</p> <p>Given Affiliate Licensees are captured in 22A.6 there is no need to refer to them again in the sub paragraphs.</p>
SLC 22A Para 6(d) and (g)	Duplicated requirements in respect of limiting Economy 7 rates.
SLC 22A Para 7	<p>Delete "(or offer to supply)"</p> <p>It is possible that at the point of offering to supply on the basis of an Economy 7 tariff that a time of use meter may yet to be installed. Suppliers should have the flexibility to offer such a tariff prior to installing a required meter on acceptance of the offer by the customer.</p>

SLC 22A Para 13	<p>Delete.</p> <p>Paragraph duplicates the requirements of 22A.1.</p>
SLC 22A Para 16	<p>"The licensee must comply with any directions relating to the Relevant Matters for SLC 22A which, following consultation (which may be conducted before this condition takes effect), the Authority may issue and may from time to time revise"</p> <p>The potential scope of these "directions" is unclear. Furthermore, this would appear to provide Ofgem with an open-ended ability to introduce new requirements without going through the standard licence modification process or being subject to any appropriate appeal mechanism. This places an unacceptable regulatory risk on suppliers.</p> <p>Similar wording is repeated across many of the proposed licence conditions and the above concerns are equally valid.</p>
SLC 22A Para 18	<p>Delete "Deemed Contracts";</p> <p>Licence drafting does require plural terms to be defined.</p>
SLC 22A Para 18	<p>"Economy 7 Rates"</p> <p>Refers to two separate rates that must apply to a continuous period. However, not all Economy 7 Rates cover a continuous period of 7 hours e.g. the 7 hours can be split in to two different time periods. The definition does not need to include the word "continuously".</p>
SLC 22A Para 18	<p>"Economy 7 Tariff"</p> <p>No reference to Gas is required.</p>
SLC 22A Para 18	<p>"Region"</p> <p>Definition should reference "Distribution Services Area"</p>
SLC 22A Para 19	<p>Insert "4 and 5" after "paragraph 3"</p> <p>At such time as the Authority stop determining the Standing Charge, the obligations under paragraphs 4 and 5 should also stop having effect as the Authority will no longer require the information.</p>
SLC 22A Para 20	<p>Insert "4 and 5" after "paragraph 3" and "following consultation with the licensee" at the end of the paragraph.</p> <p>In the event that Ofgem wishes to extend the duration of these provisions it should do this by issuing a direction following consultation with all licensees. This will ensure that Ofgem demonstrates the need for the extension and gauges the views of affected licensees.</p>
SLC 22A Template direction Para 2	<p>"paragraph 2" should read "paragraph 3"</p>
SLC 22B Para 2	<p>Insert "non-standard" before "Domestic Supply Contract"</p> <p>Only Non Standard Domestic Supply Contracts can have its duration extended.</p>
SLC 22B Para 3	<p>The renewal notice requirements appear to restrict the information that suppliers may be able to provide to the customer at times when its existing terms are coming to end. It would</p>

	appear that the only product information the supplier can provide is in relation to the Standard Domestic Supply Contract and the terms to apply if the existing contract is extended. This appears to restrict the provision of information on the full choice of tariffs available to the customer as it does not allow the supplier to provide information on other Non-Standard Domestic Supply Contracts. We consider that the supplier should be able to provide all of its tariff information labels to the customer as part of its renewal notice.
SLC 22B Para 3(d)(ii)	Revised wording – “a reminder that the Domestic customer may change their Electricity Supplier” This wording is more appropriate. Suppliers should only be obliged to remind customers that they are able to switch rather than prompt them to actually consider changing. Furthermore, the proposed wording is consistent with the wording required for the Annual Statement under SLC31A.
SLC 22B Para 3(d)(iv)	Insert “it’s existing” and delete “the” in the last line prior to “Non-Standard Domestic Supply Contract”. Adds clarity.
SLC 22B Para 5	Disagree with the requirement for the customer to expressly agree in writing for the extension for a further fixed term period. This would mean that a customer could not agree over the phone to extend. Given that many of our customers contact us by phone to discuss their energy plans this would add unnecessary complexity for the consumer when making a decision.
SLC 22B Para 5(a) (iv)	“condition” should read “conditions”
SLC 22B Para 5 (c)	Given the customer is required to consent in writing; it would appear overly restrictive that the extended fixed term can be no longer than the original fixed term. This would appear to restrict customer choice.
SLC 22B Para 6	Do not understand the rationale for this paragraph. Suppliers will not be able to extend contracts other than in compliance with 22B. Any contracts extended outside of these arrangements would result in the Supplier being in breach of its licence.
SLC 22B Para 7	Reference to a new “Domestic Supply Contract” is all that is required as a Domestic Supply Contract includes both Standard and Non-Standard Contracts
SLC 22B Para 8	Reference should be to “paragraph 22B.5” not “paragraph 22B.2
SLC 22B Para 11(a) and (b)	This exception to allow for tracker products should not be limited to stock indexes and financial markets. This condition should be extended to allow variations linked to any publically available index not controlled by the licensee.
SLC 22B Para 11(a) and (b)	Reference should be made to “the Non-Standard Domestic Supply Contract” rather than “Domestic Supply Contract” Adds clarity.
23A Para 2(d)	Reference should be to “sub-paragraph 2(b)” not “2(a)
SLC 1	Delete “Domestic Supply Contracts”; “Non-Standard Domestic Supply Contracts”; “Standard Supply Contracts”; “Unit Rates”

	Licence drafting does require plural terms to be defined.
SLC1	"Price Comparison Guide/Indicator" delete first "and" and insert "provide" rather than "provided"
SLC1	"Standard Domestic Supply Contract" Unclear how a contract of indefinite length can form part of a Non-Standard Domestic Supply Contract
SLC7 Para 6A(c) and 6B(c)	The relevant sub-paragraph references for electricity and gas are to be reversed.
SLC7 Para 6A and 6B	Given these new paragraphs, existing paragraph 7.6 is no longer required.
SLC22 Para 2A	Requires suppliers to offer all domestic customers either a standard domestic supply contract or a non standard domestic supply contract. The condition needs to recognise that the type of meter may limit the choice of tariff available to the consumer.
SLC23 Para 2	Delete Only Non-Standard Domestic Contracts have a fixed period which comes to an end. The notification requirement prior to the end of the period for these contracts is covered by SLC22B. Consequently, 23.2 is not required.
SLC23 Para 3 and 4	These provisions only relate to Standard Domestic Contracts as similar provisions for Non-Standard Domestic Contracts are covered by SLC22B. So references to "Domestic Supply Contract" should be amended accordingly.
SLC23 Para 4(ak)	Revised wording – "a reminder that the Domestic customer may change their Electricity Supplier" This wording is more appropriate. Suppliers should only be obliged to remind customers that they are able to switch rather than prompt them to actually consider changing. Furthermore, the proposed wording is consistent with the wording required for the Annual Statement under SLC31A.
SLC 23 Para 4(g)	Unclear what is meant by the words "the name used by". Clarification is required.
SLC23 Para 6	Revised wording: "the Domestic Customer notifies the licensee after he becomes aware (by any means) of the variation on or before the date on which the increase in the Charges for the Supply of [Electricity/Gas] or other unilateral variation has effect that he is ending the Domestic Supply Contract by <u>either</u> changing his Electricity/Gas] Supplier and/or by entering into a new Domestic Supply Contract with the licensee; and"
SLC23 Para 9 and 10	Confusing drafting as the majority of SLC 23 only relates to Standard Domestic Contracts and not all Domestic Contracts.
SLC24 Para 3 (b)	Is this scenario valid given the distinction between Standard and Non-Standard Contracts?
SLC31A Para 4(a)	Delete. The tariff name will be included on the tariff information label which is to be provided under paragraph (g)

SLC31A Para (e)	<p>Revised wording – “a reminder that the Domestic customer may change their Electricity Supplier”</p> <p>This wording is more appropriate. Suppliers should only be obliged to remind customers that they are able to switch rather than prompt them to actually consider changing. Furthermore, the proposed wording is consistent with the wording required for the Annual Statement under SLC31A.</p>
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