



Consultation on reflecting change to gas Supplier of Last Resort levy costs in the Default Tariff Cap

E.ON Response

E.ON agrees with Ofgem's proposal to include gas SoLR Levy costs in the Default Tariff Cap. Whilst there is already provision for the recovery of these costs through a Local Distribution Zone claim, E.ON supports the transparency this process would provide through the cap. We agree that the inclusion of this charge in the network cost methodology will allow the cap to reflect network costs more accurately.

However, we would like to understand how the methodology will be applied with further clarification required on how the allowance will work. We accept that the Supplier of Last Resort process has traditionally mostly impacted domestic customers, but we do not believe Ofgem have been clear on whether the levy costs are to be solely recovered from customers on an SVT tariff or whether a supplier is able to recover these costs across the whole portfolio of its customer base.

Furthermore, we understand that this change is being undertaken in response to the upcoming changes as proposed in UNC687, however this is only reflective of changes in the gas industry. We therefore question whether similar provisions will be put in place for recovery of electricity charges via the same mechanism through the cap? This would be our preference to allow for consistency within both fuels.