

Mr Gary Keane  
Distribution Policy Analyst  
Ofgem  
9 Millbank  
London  
SW1 3GE

18 September 2003

Dear Mr Keane,

**RE: Electricity Rebates to Suppliers – Consultation Response**

I write in response to your consultation, LASER purchase electricity for around 30,000 half hourly and non-half hourly metered sites and around 220 GWh of unmetered supplies for Local Authorities across South East England.

We welcome the opportunity to comment upon the consultation and support the general premise that the existing pricing controls are not meeting Ofgem's principles regarding cost reflective charges and competition. We therefore agree that the price control formula be adjusted to preclude, or at least minimise, the need for rebates to suppliers.

However our more immediate concern is that monies rebated to suppliers in the past have not been refunded to customers. It is our view that all of the 'overcharges' made by DNOs through suppliers have been paid by customers, and therefore all of the overcharges should be returned to customers. We accept that some large industrial and commercial customers may have received rebates where 'energy only' contracts are in place, but since the vast majority of our members contracts are fixed price we have not been refunded.



Local Authorities South East Region  
Representing Borough, District & County Councils in South East England

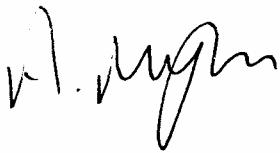
c/o Kent County Council • Commercial Services Department  
Gibson Drive • Kings Hill • West Malling • Kent ME19 4QG



In practice this means that DNOs have been supporting supply businesses by routinely overcharging and passing the money to suppliers – a situation which is wholly unacceptable.

We would like to see the price control formula corrected to prevent rebates being made, and request that all monies rebated thus far to suppliers are returned to customers.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'A. Morgan', with a stylized, cursive script.

Andy Morgan, Energy Manager