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12 September, 2003

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

Dear Mr Keane,

Electricity Rebates to Suppliers - Consultation ref. 74/03

The MEUC, which represents a large number of industrial and commercial consumers of electricity connected to the distribution network, welcomes the opportunity to comment upon the above consultation. Whilst it supports the general thrust of your proposals it is concerned at an assumption within the document that suppliers should necessarily retain any rebates received.

Whilst it is reasonable for this to be the case where the supply contract price structure is based upon an "all-in" price, it cannot be so where the customer is invoiced for the energy separately and DUoS and TNUoS are separated out.

Although you state in paragraph 4.5 that some customers may have arrangements with suppliers to return rebates, the MEUC has no evidence of this at this stage as we believe most will be unaware of the rebate system. Suppliers to a large number of medium and larger consumers contract on a pass-through basis. They like this arrangement, as this is one area of risk they can avoid.

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We suggest therefore that it is arguable that they should be required to return the extra monies received in proportion to the size of contracts, assuming, of course that the numbers are significant.

We appreciate that it may be inappropriate to identify the individual DNO's within the Consultation document, where you have referred to them by letter only. This omission, in our view, provides is an obstacle to pursuing the suppliers to establish the significance of the sums involved and obtaining refunds.

We would ask therefore that this information be made available to the MEUC in order that members can take action to recover monies that should have been returned.

My colleagues and I would be more than happy to discuss the issues raised by the Consultation, either directly with you or over the telephone.

Yours sincerely,

A handwritten signature in black ink that reads "Hugh Conway". The signature is written in a cursive style and is underlined with a single horizontal line.

H.R.G.Conway
For the Major Energy Users' Council

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