

Neil Barnes  
Ofgem  
9 Millbank  
London  
SW1P 3GE

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Dear Neil

## **Addressing undue discrimination – final proposals and impact assessment**

First Utility welcomes the final proposals to introduce two new licence conditions to prevent undue price discrimination. Ofgem rightly identified the systematic overcharging of incumbent in-area customers by the Big 6 during the 2008 Energy Supply Probe. The impact assessment demonstrates that action has been taken to reduce this and the non-cost reflective differentials between payment methods. However, it is clear that there is still further room for improvement. The introduction of Licence Condition A and B, supported by updated metrics (Tables 1 to 4 in the impact analysis), should put in place the framework to achieve this. We would certainly like to see differentials reported on at least an annual basis.

As a new entrant to the energy supply market our domestic customer base is comprised of customers who have joined us either through a house move or proactively through change of supplier. We recognise that the switching decision for our change of supply customers is a combination of service offering, based on smart metering and accurate billing, and price. As such we would always look to price to the market based on cost reflectivity. First Utility supports the proposed objectivity, materiality and cost allocation justification principles and would welcome further understanding of Ofgem's views on the functioning of the wholesale market and its impact on competition and cost reflectivity for domestic customers.

Yours sincerely



Rob Hill  
Head of Commercial

Tel: 0845 215 1814  
Email: [rob.hill@first-utility.com](mailto:rob.hill@first-utility.com)