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7 May 2010,

Dear Liz,

**Proposed amendments to gas and electricity supply licence conditions in relation to the disconnection of vulnerable customers**

I refer to the letter from Maxine Frerk of 26 March on the above.

As Maxine recognises, there is a large amount of good practice already undertaken by suppliers to identify vulnerable customers to prevent them from being disconnected. In npower's case, as you know, we suspend all domestic disconnections for debt over the Winter period. This is in addition to compliance with the ERA Safety Net requirement of not knowingly disconnecting any vulnerable customer throughout the year.

As we said in our response of 20 November to the Review of protection of vulnerable customers, we were disappointed that Ofgem felt it necessary to bring forward the proposals given the strengthening of the ERA Safety Net and enhanced audit requirements. In addition, that, taken as a whole, the three proposals if adopted could have resulted in suppliers being unable, effectively, to disconnect any domestic customer where there was not absolute certainty that they were not vulnerable. We are pleased therefore that Ofgem has taken account of the work undertaken by those suppliers within the ERA to address the issues which Ofgem raised during the course of the Review and has decided not to proceed at this stage with two of the three proposals.

I deal briefly with each of the proposals in turn below.

*Reconnection of vulnerable customers before Winter*

As we indicated in our response last year we did have reservations regarding this, in particular the placing of an absolute requirement on suppliers to reconnect vulnerable customers before Winter. It is pleasing to see therefore that Ofgem has accepted that suppliers' adherence to the Safety Net more than meets the purpose of this proposal and it is not necessary to introduce this change.

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### *Consolidation of SLCs 27.10 and 27.11*

In relation to the proposal to consolidate these two licence conditions, which – rightly - circumscribe suppliers' powers to disconnect certain vulnerable customer groups, we agree with Ofgem's decision not to move ahead with this. The two groups, while linked, are distinct, but the level of protection afforded by the Safety Net effectively applies equally to each, thus making unnecessary the need for consolidation.

### *Reasonable steps to identify the status of customers before disconnecting*

Like Ofgem, we see this as clarificatory of the measures that suppliers ought to be adopting both as a matter of policy and as good practice for adherence to the ERA Safety Net. The list of proactive steps that is included in the letter is helpful, but does not prevent suppliers from undertaking others which have the same result, ie doing as much as can be reasonably expected to identify whether or not customers are vulnerable as per the definitions in SLCs 27.10 and 27.11. We therefore support the proposal.

### *Conclusion*

While we remain concerned that Ofgem feels it necessary to introduce additional regulation, we are pleased that the proposal to be taken forward is the one that will have the least impact on suppliers' already enhanced approaches to dealing with vulnerable customers.

We are happy for this response to that to be placed on the Ofgem website and in its library.

Yours sincerely

Paul Tonkinson  
Economic Regulation