

Katie Brennan
Retail and Market Processes team
Ofgem
Millbank
London SW1P 3GE

23 Sept 2010

Dear Ms Brennan,

Consumer Focus response to revision of typical domestic consumption values

Consumer Focus is the independent champion for consumers across England, Wales, Scotland, and (for postal consumers) in Northern Ireland. We operate across the whole of the economy, persuading businesses and public services to put consumers at the heart of what they do. We are a statutory organisation that works in a devolved setting, with work priorities varying across different parts of the country, by all working to common strategic goals.

Consumer Focus welcomes the opportunity to respond to the consultation on the revision of typical consumption values. This response is non-confidential and we are happy for it to be published on the Ofgem website.

Consumer Focus agrees that Ofgem has used the most appropriate data on which to base their review. We consider that due consideration has been taken regarding the distribution analysis and that Ofgem has reached the correct decision for typical consumption by using the median value.

Once a decision has been reached on typical domestic consumption values, Consumer Focus believes that Ofgem should take a consistent approach and use this in all future analysis. We think that the use of actual consumption data in recent market reports, rather than typical consumption data, has caused confusion among stakeholders as well as the media.

One area where greater clarity is required concerns the consumption of gas for Profile Class 2 consumers. Consumer Focus would welcome more information in this area including specific guidance around what Ofgem proposes consumption figures are for low, medium and high users for Profile Class 2 customers that include gas. For example for Profile Class 1 medium users, there are gas consumption levels of 16,500kWh gas and 3,300kWh electricity, however, for Profile Class 2 consumers there are only electricity figures despite the fact that Ofgem states that the assumption that Profile Class 2 customers are electricity only does not appear to be true.

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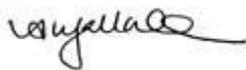
There should be figures for both gas and electricity for the Profile Class 2 customers who also use gas. Additionally, we would be interested in the analysis carried out so far and how Ofgem plan to take this into account going forward.

Another area where Consumer Focus would appreciate further information is regarding Economy 7 average night time consumption. In light of EON Energy recently stating they believe 40 per cent is a more accurate representation of average night time usage than the current average of 55 per cent; we believe this is something that Ofgem should review as well.

Furthermore, we would be interested to have an understanding of how and when Ofgem are intending to implement the new figures. We believe there may be significant impact on the market which will affect many stakeholders including price comparison websites. For example there may be some restructuring of tariffs by suppliers so that they maintain their places in best buy tables based on average consumption. Therefore there may be some turbulence around the switchover date. We would also be interested in how Ofgem plan to communicate this change to the wider audience eg the media.

To conclude, in our proposals document for the Confidence Code consultation¹, we called on Ofgem to consider how seasonal consumption patterns are affecting comparisons across all sales channels alongside this consultation, we are disappointed that the regulator has not followed up on this.

Yours sincerely



Audrey Gallacher
Head of Energy

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<http://consumerfocus.org.uk/g/4mc>