

Katie Brennan
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24 September 2010

Dear Katie,

Revision of typical domestic consumption values

Thank you for the opportunity to provide comments on your consultation regarding the review of typical domestic consumption values.

Our responses to your specific questions are set out below.

Chapter 2

Question 1: Do you agree that we have used the most appropriate data on which to base our review?

We believe utilising the sub-national energy consumption data from DECC provides a reasonable set of data on which to base the typical domestic consumption values. However, we remain concerned that the most recent trends are not reflected within this. All of the main suppliers have reported significant reductions in gas consumption in their financial results for 2009, largely as a result of economic conditions. The data provided by DECC does not appear take account of this.

Question 2: Do you agree that the distribution analysis leads us to believe that the median value is more appropriate to use for typical consumption?

Yes, we believe the median value provides the most robust measure of typical consumption.

Question 3: What do think about the four models we have employed?

The four models developed by Ofgem would appear to be reasonable and fit for purpose. However, we would favour a model which puts greater emphasis on more recent data as this would result in a solution that could more rapidly incorporate changes in consumer behaviour. Therefore, we support the approach taken by model 4. However, as noted above, the model needs to take account of recent developments driven by the economic climate.

Chapter 3

Question 3: Have we considered all the key impacts of changing typical consumption values?

Yes, we agree that Ofgem has considered all the key impacts of changing the typical consumption values.

Chapter 4

Question 4: Do you agree with our recommendation that Model 2 best represents typical domestic consumption?

We do not agree that Model 2 best represents typical consumption values. We are concerned that the gas data appears already to be out of date given the trends we closely follow to inform our purchasing decisions.

Further to this, we would suggest that Ofgem produce rounded typical consumption values in order that customers find them easier to use and remember. We are conscious that energy industry data can be quite complex and therefore we would support a clear and simple approach in order to assist consumer understanding.

Should you wish to discuss any of the issues raised in our response or have any queries please contact my colleague Ann Neate on 07875 113150, or myself.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "D. Linford".

Denis Linford
Corporate Policy and Regulation Director