



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

E.ON UK plc
Westwood Way
Westwood Business Park
Coventry
West Midlands
CV4 8LG
eon-uk.com

Alex Travell
T 02476 181386
E alex.travell@eonenergy.com

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Revision of typical domestic consumption values

Dear Katie

We believe that it is useful for Ofgem to reassess the average annual energy consumption levels of domestic consumers. We believe that the figures currently used by Ofgem are overstated and therefore analysis that is undertaken based upon these risks presenting inaccurate results.

We support Ofgem's conclusion that the average values should be amended but would suggest that you use as recent information as is possible to ensure that your results are as accurate and future proof as possible.

This will ensure that future analysis is more robust and that the average consumption levels do not need to be revisited and potentially revised in a short period of time.

Responses to the specific consultation questions:

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

In your analysis of average gas consumption we note you have applied weather correction based upon the existing National Grid's 17 year trend. This information will be updated next month and therefore we believe it would be better to apply these, more accurate, industry values to determine your results. The new values will be lower than those used in the proposed analysis and therefore should result in slightly lower expected results.

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?

The skewed nature of the distributions makes the median a more sensible central point

E.ON UK plc
Registered in
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Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

estimate than the mean.

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

The 4 models seem a robust form of analysis using the information available. We have specific recommendations with regard to our preferred model and the data used in the response to question 5.

Question 4: Have we considered all the key impacts of changing typical consumption values?

We believe you have captured the key impacts of changing typical consumption values and have no further suggestions to make.

Question 5: Do you agree with our recommendation that Model 2 best represents typical domestic consumption?

Our preference, as such, would be for model 4, including the 2009 estimates and excluding the data from 2005 which was the 'cusp' year for energy reduction.

Given that energy use is on a consistent trend downwards for gas, and all energy efficiency measures are pushing it in the same downward direction any likely movement we believe would be downwards for gas averages. It therefore seems sensible not to overstate the values in this analysis which will enable them to be used consistently for a longer period of time.

Power analysis should mirror gas in respect of the historical years used but we believe it is less sensitive to volume changes currently. There are significant conflicting pressures upon power consumption levels, some upwards and others downwards. We would therefore caution against suggestions that it will mirror gas and fall over time.

If you would like further clarity with regards to our response to your consultation then please let me know.

Yours sincerely

Alex Travell
Energy Policy & Regulation