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Our ref Log 10/95
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Dear Katie

Revision of typical domestic consumption values

npower welcomes the opportunity to comment on the above consultation and does so on behalf of all its licensed gas and electricity businesses.

Our response to your questions is contained within the enclosed attachment however we would like to draw your attention to the following main points:

We have reviewed the recommendations in the consultation and support the proposals to amend medium consumption figures for gas consumers to 16,500kWh and for medium consumption for Profile Class 1 electricity consumers to remain the same at 3,300kWh based on median rather than mean consumption.

We also support the proposals to increase typical low gas consumption and low and high consumption for electricity Profile Class 1, and to decrease typical high gas consumption and low, medium and high consumption for electricity Profile Class 2. We request that Ofgem specifies what the E7 day/night split will be in percentage terms for low, medium and high consumption levels.

The current economic climate and impacts of the recession, and Government initiatives to improve energy efficiency, have resulted in a decline in energy consumption levels and typical consumption figures should be representative of this recent trend. We note the difficulty involved in modelling future energy consumption and support the use of model 2 which uses recent historic data to calculate current typical consumption data. We believe the use of projected consumption data in models 1 and 4 could result in a less accurate calculation of consumption data. Rather than use projected consumption data to gauge possible trends we suggest that Ofgem implement the proposals outlined in the consultation now and that Ofgem routinely conducts a review of the figures every 5 years to a pre-notified timeframe in order to capture the effects of the further development of statutory measures such as CERT and CESP and the introduction of Green Deal.

If Ofgem concludes that a change is required to the typical gas consumption level we would request that a 3 month period of notice is given before the new levels are adopted. This is to enable us to change and reprint sales material, amend our web

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site and brief staff. This will also ensure that all organisations make the change simultaneously.

If Ofgem proposes any amendments to the figures proposed in this consultation we request that a further consultation is carried out to enable us to impact the revised proposals.

If you have any queries relating to the information in this letter please contact me.

With best regards

A handwritten signature in black ink, appearing to read 'Louisa Stuart-Smith', with a stylized flourish at the end.

Louisa Stuart-Smith
RWE npower

Attachment 1: Responses to individual questions

Revision of typical domestic consumption values consultation

Response to individual questions

- 1. Do you agree that we have used the most appropriate data on which to base our review?**

Yes. We believe it is appropriate to use the energy consumption statistics data from DECC because it uses meter point consumption data provided from energy suppliers and suppliers agents as its source. We are not aware of any other data that would provide a more accurate view of consumption trends.

- 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 support the use of median consumption figures and believe they provide an accurate reflection of the distribution of energy consumption.

- 3. What do you think about the four models we have employed?**

We believe the four models use the data available from DECC to the best effect.

- 4. Have we considered all the key impacts of changing typical consumption values?**

In the consultation Ofgem acknowledges that change in the figures will impact work and publications of other organisations that also use this information. In chapter 5 of the consultation Ofgem indicates it intends to implement any changes shortly after a decision is made. We ask that Ofgem allows a period of 3 months between a decision and implementation of any change to enable all organisations to amend published material.

- 5. Do you agree with our recommendation that Model 2 best represents typical domestic consumption?**

The exclusion of estimated and projected data in model 2 improves the robustness of the analysis and the inclusion of 4 years of data ensures calculations provide a complete view of current trends in the typical consumption figures.