

October 13th, 2010

Ms. Meghna Tewari
Senior Economist
Retail and Market Processes
Ofgem
9 Millbank
London
SW1P 3GE

Dear Ms. Tewari,

Consultation on proposals for amending Standard Licence Condition 23 – Period for notifying unilateral contract variations and other consequential issues

1. *What are your views on our “minded to” position of requiring domestic suppliers to give customers Notice of a unilateral variation of at least 30 calendar days in advance of the date on which the variation takes effect? Please provide any data/information to substantiate your views where appropriate.*

First Utility feels that it is appropriate a customer be given advance notice of any impending tariff change by their supplier where that tariff change is to the customer’s disadvantage. This will then enable the customer to compare supplier prices and make an informed decision on switching supplier should the customer then decide to proceed with this option.

2. *What are your specific views on the proposed consequential amendment to retain paragraph 23.6(a) of the SLC 23 such that customers have a 20 working day period **from the date that a price increase (or other variation) takes effect** to notify supplier that they would like to switch in order to avoid the application of a price increase (or other variation)? Please provide any data/information to substantiate your views where appropriate.*

First Utility would like to make the point that this essentially extends the window available to the customer to approximately two calendar months. Although we have no opposition to this in principle, final amendments to industry charges such as DUOS are notified 40 calendar days in advance prior to taking effect. It could be the case that a price change is notified to customers a few days before these are communicated which then leaves a very short window to calculate the impact of this change in charges upon the notified tariff change while taking into account customers who wish to switch without this price change being applied to them. This is of particular concern to small suppliers like First Utility who have no network business which might enable them to absorb this cash flow impact.

3. *What are your specific views on the proposed consequential amendment to sub paragraph 23.6(c) of SLC 23 (and sub paragraph 14.9(c) of SLC 14) such that customers in debt have a 30*

*working day period **from the date that a price increase (or other variation) takes effect** to pay off outstanding charges and notify their existing supplier that they would like to switch to another supplier to avoid the application of a price increase (or other variation)? Please provide any data/information to substantiate your views where appropriate.*

This only differs from the current licence requirement by the fact that the 30 days will start from the date of the price change taking effect rather than from the date of notification and so does not cause us any concern.

4. *What are your specific views on the proposed clarificatory amendments to **SLC 23 and SLC 24**? Please provide any data/information to substantiate your views where appropriate.*

We appreciate the fact that the licence is being modified to clarify the position in relation to termination fees where the customer provides the supplier with notification of intent to switch within the period allowed by SLC 23 for the customer to avoid any disadvantageous charges where a unilateral tariff change has been made by the supplier.

5. *What are your specific views on the proposed one month time frame for implementing these proposals? Please provide any data/information to substantiate your views where appropriate.*

As Ofgem issued a “minded to” view on this subject in March, we feel that suppliers should have been investigating the steps necessary to make any system / process changes required to facilitate this. In light of this, a month should be achievable.

6. *What are your specific views on the minded to decision not to propose any amendments to the 15 Working Day Period for the supplier to receive Notice under the Master Registration Agreement / Network Code? Please provide any data / information to substantiate your views where appropriate.*

We do not feel that there is any need to change this requirement.

Please do not hesitate to contact me should you have any questions or require any further information.

Yours sincerely,

Chris Hill

Chris Hill
Regulation

07776 137403
01926 328760