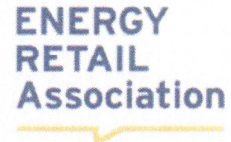


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Andrew Wright
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Ofgem
9 Millbank
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SW1P 3GE



25 January 2011

Dear Mr Wright,

Electricity top-up PPM fraud

I confirm that the six member companies of the Energy Retail Association have given commitments to Ofgem on continuing the strong cross-industry initiative to stamp out criminal fraud involving electricity prepayment meters (PPM). Our member companies have been working closely with Ofgem, Consumer Focus and the Serious Organised Crime Agency (SOCA) to end the PPM meter fraud that has so far affected over 115,000 customers. The industry welcomes Ofgem's letter acknowledging the intensive programme of work undertaken so far and will provide Ofgem with a further report in six months on progress in tackling this widespread crime.

The industry commitments are set out in full in your letter to us. In summary they include the following: to continue the communications campaign to warn customers away from PPM fraud; to treat each customer involved on an individual basis and respond to their circumstances although it is our view that customers are taking part in an illegal transaction; and to continue to take reasonable steps to identify and implement a technical solution to help prevent this crime from taking place. The industry is working closely with Itron, the manufacturer of the electricity prepayment meters and keys, on a technical solution.

The industry has launched a national Top-up Safe awareness campaign run by Energy UK that has generated coverage in the national press, TV, radio and in the local media. The cross-industry campaign has built on suppliers' own intensive communications programmes. Information has been sent to hundreds of thousands of customers and prominent warnings have been printed on till receipts from official top-up outlets, as every avenue possible is used to stamp out this crime and ensure customers do not get involved with this criminal activity.

An electricity prepayment meter fraud customer charter has also been produced providing customers with a series of guarantees from their supplier. This is available to download at: www.top-upsafe.com

The industry had not experienced a fraud of this type before. It is in the best interest of consumers that the industry works together with Itron to prevent this criminal activity. We will continue to raise customer awareness about this illegal activity and we will also continue to work with the relevant enforcement agencies to ensure that the criminals behind this activity are brought to justice.

Yours sincerely

A handwritten signature in blue ink that reads "Alistair Phillips-Davies".

Alistair Phillips-Davies
Director