



Consultation on the Undue Discrimination Prohibition standard licence condition

We agree with Ofgem's assessment that it would be premature to allow SLC25A to lapse but are concerned that the condition will interfere with the transition to the RMR core proposals and therefore recommend that the extension is to 31 May 2013, with a further review once the RMR proposals and transition timetable are firm. This further review would also consider what risks there might be under RMR of undue discrimination (which might justify retaining SLC25A *"until the full impact of the RMR proposals is clear"*¹).

We recommend 31 May 2013 as we expect Ofgem to have the mechanics of RMR in place by 1 June 2013 and transition to start in earnest from that date.

Our proposal would allow Ofgem the opportunity to extend the period of SLC25A to July 2014 if this was appropriate, but we believe this will be unnecessary. It seems unlikely that there could be a return to price differentials between electricity regions once RMR transition has started, whilst SLC25A has never been effective in tackling the corresponding discrimination between electricity and gas customers.

We accept that in principle discrimination arising from transition to RMR core will be justified by the need for phased transition, but there is a significant regulatory overhead in assessing each of what could be tens of changes (as products are removed and product structures changed, perhaps at different times for different groups of customers). We will have a clearer idea of these issues when the final RMR proposals are published.

Publication of the final RMR proposals (and also of government's proposals for exempting small suppliers' customers from ECO) will also allow a considered view to Ofgem's second and third questions.

E.ON
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¹ However, if this was the rationale it would be necessary to extend SLC25A for a much longer period. The benefits of RMR may not be fully proven until late in the decade