

Jemma Baker
Economist
Retail and Market Processes
Ofgem
9 Millbank
London
SW1P 3GE

Ecotricity Group Limited
Unicorn House
Russell Street
Stroud
Gloucestershire
GL5 3AX

5th April 2012
Ecotricity Reference No.: 263
emma.cook@ecotricity.co.uk
01453 769301

The Renewable Energy Company (Ecotricity) Response to Consultation on Undue Discrimination Prohibition Standard Licence Condition 25A

Dear Jemma Baker,

Ecotricity is an independent renewable energy supplier and generator with around 60,000 domestic and non-domestic power and gas customer accounts. As an independent supplier we recognise the low consumer engagement in the UK energy market and the lack of competitive pressure on large incumbent suppliers. We therefore support measures aimed at improving competition and preventing abuse of position such as discriminatory pricing.

We welcome the opportunity to respond to this consultation on the extension of Standard Licence Condition 25A. We previously responded to the RMR Domestic Proposals and the RMR Standardised Element of the Standard Tariff consultations. In this letter we have addressed each point and then summarised our main arguments.

1: *We welcome views from stakeholders on our "minded to" proposals and any other considerations in this consultation.*

We support the proposal to extend SLC 25A to the extent that it is aimed at preventing the incumbent suppliers from charging a significantly higher price to consumers in their home region than they do in other regions in which they are trying to incentivise to switch.

2: *We welcome comments from stakeholders on whether it would be appropriate to review the 50,000 customer threshold as part of a separate process, in the event that we decided to reinsert SLC 25A for a further period of time.*

We support raising the threshold at which suppliers must be compliant with SLC 25A.

The current threshold for the majority of social obligations is 250,000 customer accounts. We are currently lobbying with DECC to increase this level to 500,000 customer accounts.

If it is not possible to raise the level to 500,000, then the threshold should at a minimum be raised to the current standard 250,000 customers.

We do not believe that it is sufficient for small suppliers that pass the existing 50,000 threshold to rely on the principle that a supplier's behaviour will only be considered material (and therefore in breach of SLC 25A) if it impacts "a significant number of customers". This leaves the supplier beholden to Ofgem's discretion and will cause uncertainty among independent suppliers. It would be far better to have a clear threshold set at the appropriate level.

3: We welcome comments from stakeholders on whether there are alternative suggestions or views on the Undue Discrimination Prohibition Standard Licence Condition ('SLC 25A').

We support the proposal to review SLC 25A once the changes to tariffs proposed by the RMR have been enacted and their effect on domestic prices can be assessed.

We strongly believe that any enforcement of SLC 25A and future changes to it should not prevent suppliers offering discounted rates to customers that choose to take up other products with that supplier. For example, Ecotricity operates a national electric vehicle charging network. We wish to retain the right to offer users of this network a preferential rate for their domestic electricity supply as a way of encouraging future uptake. We believe that the social advantages of innovations such as this more than justify allowing this preferential charging. We also support dual fuel discounts continuing to be available as an incentive and are concerned that under the RMR they may be prohibited.

We wish to point out that in relation to the specific concerns of this consultation, independent suppliers by definition do not have a "home region" or inherited "sticky customers". Therefore the problem of over-charging consumers in the "home region" does not apply.

Summary

Overall we are in agreement with the proposal to extend SLC 25A a further two years beyond its expiry date. However, we believe that the threshold at which this applies should be raised and Ofgem must ensure that its application does not impede innovation.

We welcome the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this letter. Please contact Emma Cook on 01453 769301 or emma.cook@ecotricity.co.uk.

Yours sincerely



Emma Cook
Head of Regulation, Compliance & Projects