

April 4th, 2012

Jemma Baker  
Economist  
Ofgem  
Millbank  
London  
SW1P 3GE

Dear Jemma,

**Consultation on the Undue Discrimination Prohibition Standard Licence Condition**

Please find First Utility's response to the above consultation below.

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

We agree with Ofgem that it is necessary to retain SLC 25A until the impacts of any implemented RMR proposals have had time to manifest themselves. Given the amount of change currently taking place within the energy supply market in Great Britain, we do not believe it would be appropriate for the SLC 25A sunset clause to expire on July 31<sup>st</sup> this year as originally envisaged.

*Question 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.*

Given that a large amount of work has been done recently by DECC and Ofgem on the subject of thresholds and reducing burdens on smaller suppliers, we feel that it would be appropriate for the 50,000 customer threshold to be reviewed by Ofgem in the case that SLC 25A is reinserted in order to further competition and remove a barrier to entry.

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

The view of First Utility is that SLC 25A serves an important function, however, this needs to be weighed against restricting the growth of new entrants. Given that the licence condition was originally put in place to prevent the large incumbent suppliers abusing their position in their former monopoly areas it would seem appropriate to reduce the compliance burden on companies entering the market who have never enjoyed the luxury of a large inherited customer base. If the dominance of the Big Six over the domestic supply market is to be broken and real consumer choice put in place then smaller suppliers should be free to offer innovative products to customer groups for whom those products would be most suitable.

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

Best regards,

Chris



Chris Hill

Regulation Manager

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