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**The Renewable Energy Company (Ecotricity) Response to the
Open Letter on Extending the 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 a small supplier we recognise that consumer engagement in the GB energy market remains low, which protects incumbent regional suppliers from competitive pressures enabling discriminatory pricing.

We welcome the opportunity to respond to this latest version of the consultation on the extension of Standard Licence Condition (SLC) 25A. We previously responded to the February Consultation on this issue as well as the RMR Domestic Proposals and the RMR Standardised Element of the Standard Tariff consultations.

We support the proposal to extend SLC 25A; we are pleased that Ofgem's position has not changed in this regard. We believe that it is important that customers living in the home region of an incumbent supplier should not be unfairly discriminated against in terms of pricing.

We are disappointed that Ofgem are not currently planning to raise the threshold at which SLC 25 A should apply to above 50,000. We note that other social and environmental obligations such as the Warm Home Discount, The Green Deal and The Energy Company Obligation all have current or proposed thresholds of 250,000. We appreciate that Ofgem plan to review the threshold for SLC 25A as part of a separate consultation in the next year, however delaying this rise may create difficulties for our business.

Ecotricity currently has around 40,300 domestic electricity customers and we believe that there is a strong possibility that we will reach the 50,000 mark within the next year. Should we pass this threshold and be required to comply with SLC 25A, it would increase our regulatory burden substantially and potentially pose problems with our pricing policy. Even if this threshold is ultimately raised as a result of the separate consultation, the short period in which we were obliged to follow this Licence Condition, could be costly to us. 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" will not give us sufficient certainty.

We are concerned, that the application of SLC 25A could inhibit development of new products. For example, as mentioned in our response to the February consultation, Ecotricity operates a national electronic vehicle charging network. We wish to retain the right to offer users of this network; as well as those that use similar socially beneficial projects that we or our partners may develop; preferential electricity rates, as a means of encouraging uptake.

We would like to stress that as an independent supplier, we do not have an incumbent customer base. The vast majority of our customers have made a conscious decision to switch to us and are therefore by nature more engaged and cannot be considered "sticky customers".

Given that Ofgem's primary concern with regard to extending SLC 25A is in relation to "sticky customers", it appears that this is a regulation that was drafted to deal with a problem that does not apply to us. At the April Independent Suppliers Forum Ofgem confirmed its commitment to ensuring that independent suppliers should not be caught by legislation that was designed with only the Big Six in mind. This is an example of such legislation and we believe that the most straight forward solution to it would be to raise threshold to at least 250,000 at the same time as SLC 25A is extended.

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



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Emma Cook
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