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Dear Jemma,

SLC 25A: Prohibition of Undue Discrimination

Thank you for providing SSE with the opportunity to respond to the statutory consultation on the proposed reinsertion of SLC 25A until 31 July 2014.

SSE is not opposed to this measure being extended until 31 July 2014.

We note that Ofgem is also currently consulting on a proposal to retain the Guidelines on Cost Reflectivity Between Payment Methods and the Prohibition of Undue Discrimination in Domestic Gas and Domestic Electricity Supply Contracts, which was introduced in August 2009. Condition 25A.5 states:

The Authority may from time to time revise the guidance referred to in paragraph 25A.4 with a view to:

- (a) removing or reducing inconsistencies between Electricity Suppliers in their interpretation and applications of its provisions; and
- (b) clarifying how the licensees' compliance with the obligations imposed by this condition will be monitored and enforced.

SSE operates a fair pricing policy whereby all customers have the opportunity to access all of our tariffs. In abolishing online only tariffs from the range of tariffs we offer, we have clearly set a higher standard of compliance with the spirit of both SLC 25A and 27.2A than some other suppliers. We also noted with interest the calls from several parties for further clarification from Ofgem on the monitoring and enforcement of the prohibition of undue discrimination in the context of participation in Which's recent "Big Switch" reverse auction (which, as initially presented, appeared to require discriminatory pricing from participants).

We believe that there are therefore grounds under both 25A.5 (a) and (b) for Ofgem to revise the guidance that is currently available to suppliers in relation to this licence condition.

Greater clarity in this guidance would provide suppliers with the required confidence to participate more fully in future collective switching auctions. It is important that the guidance is sufficiently clear to ensure that the prices that win any such auctions should be sustainable and at a level that could genuinely be offered to all customers. We believe that this clarity would be to the benefit of all market participants.

Please do not hesitate to contact me if you would like to discuss any aspects of this response in more detail.

Yours sincerely,

Roger Hutcheon

Regulation Markets