

Press Release

9 July 2013

E.ON TO PAY £3 MILLION PACKAGE OVER INACCURATE REPORTING OF ENERGY SAVING LIGHT BULBS

- **Ofgem sends clear message about the importance of accurate regulatory reporting**
- **E.ON will make payments of £2.5 million to directly benefit some of its most vulnerable customers and will pay a fine of £500,000**
- **E.ON has worked constructively throughout Ofgem's investigation**

Ofgem has today agreed a £3 million package with E.ON after it was found to have breached its reporting obligations under the Government's Carbon Emissions Reduction Target (CERT) programme.

E.ON's £2.5 million payment will mean around 18,500 extra customers will receive £135 to help with their 2013/14 winter bills. The payment will be made to E.ON customers who are eligible to receive Warm Home Discount Broader Group payments. These arrangements are in addition to E.ON's obligations under the scheme. The remaining £500,000 will be paid as a fine and reflects the serious nature of inaccurate reporting.

Under the Government's CERT programme, large energy suppliers were required to deliver energy efficiency measures to consumers in Britain. To help achieve this, suppliers were able to distribute free energy saving light bulbs to British households*. Our investigation found that the reported distribution figure of around 3.4 million light bulbs was inaccurate, and therefore was in breach of E.ON's reporting obligation. This reported figure included some light bulbs which went on sale in stores in the Republic of Ireland rather than being distributed for free in Britain, as well as others for which E.ON could not provide appropriate evidence that they had actually been distributed. The total amount reported inaccurately was equivalent to 1% of E.ON's total CERT obligations.

Sarah Harrison, Ofgem's Senior Partner in charge of enforcement, said: "This case leaves companies in no doubt that Ofgem takes reporting failures seriously. Accurate company reporting is essential to Ofgem's effective administration of the Government's environmental schemes.

"This settlement means that £2.5 million of additional help will go to some of E.ON's most vulnerable customers. The settlement reflects E.ON's cooperation with Ofgem's investigation, as well as the company's willingness to make up its shortfall for the CERT scheme. Without E.ON's constructive engagement, the level of fine would have been much higher."

E.ON's error was due to its failure to have in place adequate management systems to ensure accurate reporting of the distributed light bulbs. E.ON took action to ensure it met its overall CERT obligations by installing extra energy-saving measures to make up for the carbon savings shortfall associated with the light bulbs for whose distribution it had wrongly claimed.

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* As a result of the changes to the CERT scheme by Government, lighting including Compact Fluorescent Lamps (CFLs) became ineligible from 1 April 2011. The only remaining eligible lighting measure under CERT after this date was LEDs. (Between January 1 2010 and April 1 2011 suppliers were able to make lighting available for customers to buy in shops.)

Notes to Editors

1. The Carbon Emissions Reduction Target (CERT) target was set by the Department of Energy and Climate Change (DECC). The legislation required larger suppliers to deliver measures to reduce carbon emissions in domestic properties. Ofgem administered the scheme; our role included calculating the individual obligations of energy suppliers, reporting to the Secretary of State and initiating enforcement action where appropriate. The CERT scheme ended on the 31 December 2012. More information on the CERT scheme is available on Ofgem's website.

2. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

For further press information contact:

Lisa O'Brien 020 7901 7426

Chris Lock 020 7901 7225

Felicity Beverley 020 7901 3858

Rory Edwards 020 7901 7246

Out of hours 07766 511470