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By e-mail only: ger@ofgem.gov.uk

Dear Barry

**Ofgem open letter consultation on the modification of relevant licence conditions to enable the delivery of the Government Electricity Rebate**

Thank you for the opportunity to comment on Ofgem's proposal to modify electricity supply licences to add a new licence condition 25D that would mandate the payment of the Government Electricity Rebate to domestic customers.

We recognise that a licence modification is probably the simplest means of delivering the rebate in the current timescales, but believe its scope should be kept narrow and focussed only on the current rebate, falling away after its delivery. Any future proposals should be managed individually and in accordance with their particular characteristics.

The timescales for delivering the changes to the licence, and, more significantly, the changes that suppliers will have to implement to make the rebate to customers, are very short indeed. We hope that Ofgem will recognise this when considering the detail of the requirements, and ask that you consider the following comments on the drafting.

Firstly, it is reasonable for the Secretary of State to have the power to oblige suppliers to put information on bills to make it clear to customers what is happening, and SLC 25D.6 (c) will deliver this. However, 25D.6 (d) then goes on to say that the Secretary of State will also be able to prescribe the format of the information provided. Suppliers' bills vary in design, are already under pressure in terms of available space, and have only recently been revised to take account of the requirements of Ofgem's Retail Market Review, to make them clearer and simpler to understand. A simple requirement to provide clear information, with the detail of the format and layout left to the supplier, is far more deliverable in the short timescales, so we believe that the format of the information should be left to the licensee.

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A second concern relates to the treatment of the rebate with regard to Personal Projections, and the knock on impact that this could have on 'Could you pay less?' calculations and messages. We believe that it is appropriate for this rebate to be excluded from the Personal Projection, as it is unrelated to the energy contract with the supplier, and so it would be misleading to include it. This will also make it simpler for suppliers to administer in the short timescales.

We would also like confirmation from Ofgem that payment of this rebate is allowed under the RMR rules on discounts, which prohibit cash discounts other than in narrowly prescribed circumstances. We would be grateful to understand Ofgem's thinking on the status of the rebate under the revised licence, and in particular, SLC 22B.

Finally, care needs to be taken in the drafting that the status of the £12 with regard to VAT is clear. The current wording is not explicit.

I hope that these comments are helpful, but would be happy to discuss our views in more detail.

Yours sincerely

Lesley Queripel  
Head of Commercial Regulation