

Barry Coughlan
Retail Markets Policy
Ofgem
9 Millbank
London
SW1P 3GE

Sent via email to: ger@ofgem.gov.uk

Friday 25th July 2014

Dear Barry,

Statutory consultation on the modification of standard conditions of electricity supply licences to enable the delivery of the Government Electricity Rebate

Energy UK is the trade association for the energy industry. We represent over 80 members made up of generators and gas and electricity suppliers of all kinds and sizes as well as other businesses operating in the energy industry. Together our members generate more than 90 per cent of the UK's total electricity output, supplying more than 26 million homes and investing in 2012 more than £11 billion in the British economy.

Energy UK strongly believes in promoting competitive energy markets that produce good outcomes for consumers. In this context, we are committed to working with Government, regulators, consumer groups and our members to develop reforms which enhance consumer trust and effective engagement. At the same time, Energy UK believes in a stable and predictable regulatory regime that fosters innovation, market entry and growth, bringing benefits to consumers and helping provide the certainty that is needed to encourage investment and enhance the competitiveness of the UK economy.

These high-level principles underpin Energy UK's response to Ofgem's statutory consultation on the modification of standard conditions of electricity supply licences to enable the delivery of the Government Electricity Rebate (GER). This is a high-level industry view; Energy UK's members may hold different views on particular issues. We would be happy to discuss any of the points made in further detail with Ofgem or any other interested party if this is considered to be beneficial.

Energy UK agrees with Ofgem's proposal to modify the electricity supply standard licence conditions (SLC) to facilitate the delivery of the GER. While we would not normally expect the licence to be used

Energy UK
Charles House
5-11 Regent Street
London SW1Y 4LR

T 020 7930 9390
www.energy-uk.org.uk
t @EnergyUKcomms

in this way, as noted in our response to Ofgem's open letter consultation earlier this year¹, there does not appear to be a viable alternative in this instance.

SLC 25D provides a high-level framework for facilitating the delivery of the rebate and Energy UK welcomes the steps taken by Ofgem in SLC 25D to help ensure the terms of the Secretary of State's Direction are proportionate.

Given that suppliers are expected to start crediting rebates from this October (2014), clarity and certainty on the details and the specifics of the GER are now urgently required by licensees, from both Ofgem and DECC. In particular, greater clarity and consistency is needed around who is eligible for the rebate (for example is eligibility linked to Domestic Customers, Domestic Premises, domestic accounts, domestic contracts etc.), how to handle exceptions where it will not be reasonably practicable to provide a GER, and all monitoring and reporting requirements.

With this in mind, Ofgem must remain mindful that licensees will incur implementation costs in delivering the rebate to their customers, costs which in turn will have an impact on consumers' bills, including the bills of vulnerable and fuel poor households. It is, therefore, important that Ofgem's approach to monitoring and reporting under SLC 25D is proportionate and not unduly onerous. The compliance burden placed on licensees should not be such that licensees are unable to deliver the GER in an effective and efficient manner to domestic electricity customers. It is, therefore, vital Ofgem and DECC work together and in conjunction with suppliers' internal audit or compliance teams to avoid any unnecessary duplication of monitoring and reporting requirements.

I hope you find our comments helpful, should you require any more information please do not hesitate to contact me directly on 020 7747 2965 or at daniel.alchin@energy-uk.org.uk. Energy UK and our members are always willing to discuss with Ofgem ways in which we can work together for the benefit of consumers and the industry.

Yours sincerely

Dan Alchin
Policy and External Relations Manager

¹ <http://www.energy-uk.org.uk/publication/finish/171-consultation-responses-may-2014/1119-energy-uk-response-to-ofgems-open-letter-consultation-on-the-modification-of-relevant-licence-conditions-to-enable-the-delivery-of-the-government-rebate-27-may-2014.html>