

**By email only**

Barry Coughlan  
Retail Markets  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Your ref  
Our ref  
Name Paul Tonkinson  
Phone 07989 493019  
E-Mail paul.Tonkinson@npower.com

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

Dear Barry,

Please find npower's response to the above issued on 24 June. This can be placed in the public domain.

We are pleased to see that Ofgem has taken on board many of the comments we made in our response to your 28 April open letter: for example, recognising the tight timescale suppliers will be expected to adhere to in delivering the Government Electricity Rebate (GER); and that suppliers' business-as-usual processes ought to be impacted a little as possible. However, there remain a number of matters about which we would welcome clarification. These are set out below.

Ofgem has issued in the last week or so helpful draft guidance how it will monitor the administration of the GER's delivery, including what information suppliers will be expected to provide to facilitate this (as an aside, we are pleased to see that for multiple supply-licence-holding companies such as npower, we will only be required to produce one end-of-year report and that the one-entity approach is envisaged for compliance assessment and auditing purposes).

DECC has yet to produce its guidance on how it will oversee the GER and what information it will require. What suppliers will wish to avoid is any duplication to effect monitoring or efficient delivery of the GER. To that end it is important that both organisations coordinate their respective requirements to minimise overlap and administrative burden (for example, that DECC follows Ofgem's lead as regards one-entity reporting).

Regarding void and vacant properties (which we asked about in our May response), we note that paragraph 2.22 (page 17) of the draft guidance notes requires us to pay

RWE npower

Trigonos  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

T +44(0)1793/87 77 77  
F +44(0)1793/89 25 25  
I [www.rwegeneration.com](http://www.rwegeneration.com)

Registered office:  
RWE Npower Group plc  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 8241182

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a GER where we have a live account but are unsure if the property is occupied. Will this be the case where we know that a property is empty (for example, it is awaiting demolition), but it is still part of our supply portfolio and therefore the account is 'live'?

We also raised the issue of Ofgem having sufficient resources to undertake any form of pre-assessment exercise. We note that in the indicative timetable in the draft guidance (on page 10), there is mention of Ofgem assessing the supplier notification; with the former to be undertaken in September. While, hopefully, there will not be too many queries from Ofgem, it needs to ensure it is adequately resourced to deal with suppliers' responses to these quickly to avoid any hold-ups that might impact on delivery.

Turning now to the draft licence condition.

Firstly, can you confirm that Supply Licence Condition (SLC) 25D.2 circumscribes the information both the Authority and the Secretary of State can ask suppliers for in relation to the GER direction? As drafted, SLC25D.3(c)'s scope is wide and we believe that any information requested should relate only to the direction's contents.

Secondly, under SLC25D.6 the definition here is different from that contained in DECC's draft direction. The latter makes reference to 'Domestic Customer' being supplied under a 'Domestic Supply Contract'. The draft SLC, however, refers only to 'Domestic Customer'. It is important that as the licence condition and direction impose formal requirements on suppliers for the GER obligation, those requirements that refer to the same aspect within both match.

Thirdly, under SLC25D.6, we suggest that subsections (c) and (d) should also include reference to 'vouchers' and 'letters'; these will contain information about, and be a means of communicating, the GER to customers.

Finally, also under SLC25D.6, the definition of the GER is a payment of "...twelve pounds sterling..". There is no mention of the applicability or otherwise of VAT. This should be made explicit.

I hope you find the above comments helpful. If you have any queries about the content of this letter, please don't hesitate to contact me.

Yours sincerely,

Paul Tonkinson  
Regulation