

Barry Coughlan
Retail Markets
Ofgem
9 Millbank
London
SW1P 3GE

25 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

I am writing to respond to the above consultation giving licensees a final opportunity for comment on the proposed modification to the electricity supply licence conditions to facilitate the Government Electricity Rebate ('the Rebate').

I would reiterate our support for the concept of the Rebate in helping alleviate the cost impacts of social policies on consumer energy bills. In our response to your initial consultation on the proposed Licence modification we also highlighted our general support for the proposed approach to delivering the framework. In particular we agreed that a Licence Condition to deliver the obligation was both appropriate and necessary.

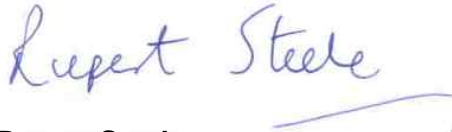
We had however raised a number of comments of substance on the content of the proposed Licence Condition. We were particularly conscious that much of the detail of the scheme was reliant on the draft Direction, which was not at that time available for discussion. As the refund of the Rebate monies to suppliers following payment to customers is an essential part of the scheme, we were chiefly concerned that the proposed draft Licence Condition did not refer to the repayment of suppliers as a key function of the scheme. We also had some further comments around the administration of the scheme and the Sunset Clause.

Since submitting that response we have had further opportunity to discuss the approach to the Direction with DECC and have also recently received initial copies of the draft Direction and Ofgem's draft guidance for comment. This has been helpful in providing greater clarity around the scheme. For example, the draft Direction does seek to establish the terms on which a supplier will be refunded by DECC for making Rebate payments to customers.

We had previously suggested that a more flexible limitation on the number of rebates would be sensible. However we note that the Government's interpretation of the requirements of the 1932 Concordat is that the scheme cannot be operated for more than two years without specific primary legislation. Accordingly, we agree that the existing approach is reasonable.

We are therefore minded to support the proposals and do not object to the Licence modification as drafted. We would, however, still wish to stress the importance of simple and cost-effective administration of the scheme. In particular, we do believe that the Licence Condition, the Direction and any guidance issued under the Direction must all be reviewed as a package to ensure that there are no gaps or unintended consequences, such as conflicting requirements.

Yours sincerely,

A handwritten signature in blue ink that reads "Rupert Steele". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Rupert Steele
Director of Regulation