



Rob Church
Partner, Retail Markets
Ofgem
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28th November 2014

Dear Rob,

Prepayment Meter Calorific Value – Progress Update

Thank you for your letter of 28th November. Following the recent meeting attended on our side by Matthew Cole, our Head of Domestic Policy and Obligations, I thought it would be useful to confirm how RWE npower is progressing in relation to any credit balance caused by the CV-issue.

As discussed at the meeting of 15th November we fully support ensuring that this issue is resolved in a timely manner, specifically:

- Calculating any CV-credit that may be due to current customers in advance of the customer's meter being reset
- Estimating any over-collection that may occur prior to the reset
- Providing those customers in debt with the options that are available to them

Our intent remains: We will calculate the level of any estimated over-collection payment that may be due to our current customers prior to their meter being appropriately reset. To this end we are estimating the level of likely overcollect to each impacted customer whom we currently supply, to the end of January, and then rounding up for simplicity to the nearest £.

From the week commencing 8th December we will start writing to our current customers who have been impacted by this issue:

- Where any forecast CV-credit has already effectively reduced the customer's outstanding debt on their account, we will write and explain the various options available to them, prior to making any immediate refund. As discussed at the meeting of 15th November it is important to ensure that customers select the most appropriate option for them; this solution ensures that any forecast CV-credit remains visible on their gas account – and any statement that is produced – until they confirm what suits them best. As you know, the account balance on statements has been correct at all times.
- For all other customers, we will provide those whose projected CV-credit is under £5 with the various options available to them. Until a customer makes any confirmation the projected CV-credit will remain on their billing account and will be visible on any gas statement we produce. Where a customer's forecast CV-credit is greater than >£5 we will write enclosing a voucher that

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can be redeemed at a Post Office. For the latter group of customers there is no requirement for a customer to signal their request and refund vouchers will be sent automatically

- We will complete testing prior to starting any customer mailing, and plan for all letters to have arrived with customers by January, the majority of which will be during December

From February we plan three activities:

- To review the actual CV-credit position that remains after the meter has been reset and the final reconciliation completed, and to ensure that this is returned to customers where possible
- To identify whether any further activity is needed to cover any additional forecast over-collection if the meter has not yet been reset
- To follow-up any refunds that have been made to customers, but for whatever reason have not been redeemed, in order to ensure no unintended consumer detriment

We welcome the opportunity to walk you through our plans in more detail if this would be useful, and we see a speedy and customer-centric resolution to the CV-issue as a key contributor to rebuilding customer trust, and this will remain our focus until the issue has been successfully resolved.

Please free to contact myself or Matthew on 07989 493404 and Matthew.Cole@npower.com.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Harris". The signature is fluid and cursive, with the first name "Chris" being more prominent than the last name "Harris".

Chris Harris
Regulation Director
07989 493912

cc Matthew Cole, Head of Domestic Policy and Obligations