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Dear Neil,

**Ofgem's proposal to revise the Typical Domestic Consumption Values for gas and electricity.**

SSE is pleased to respond to the above open letter published on 24 March 2015. We welcome Ofgem's commitment to review the domestic Typical Domestic Consumption Values (TDCVs) on an ongoing basis, particularly against a backdrop of lowering consumption levels following significant improvements in energy efficiency and customer understanding. SSE has set out some additional feedback below.

It is pleasing to note that Ofgem is continuing to take into account much of the feedback SSE provided in our 2013 response, in particular that data for Profile Class 2 electricity customers should remain weather corrected.

Whilst SSE agrees with Ofgem's analysis that the proposed TDCVs should reflect historical consumption levels for both gas and electric customers, SSE would note that evidence suggests that since 2008, consumption levels are continuing to decline. However SSE would request that Ofgem consider whether sufficient evidence exists to assume that consumption levels will continue to follow a similar pattern with the ever increasing focus on energy efficiency advice and installations.

Using forward looking data, assuming it is publicly available, would provide a more accurate and current reflection of consumption levels (and subsequently) average bills for consumers. Also, this would lead to a lesser impact, in terms of pounds and pence, when it comes to reviewing the consumption levels again in 2017.



SSE is concerned with the proposed TDCVs and the gap between the medium TDCV and consumption figures used in another Ofgem publication, the Supply Market Indicator (SMI). The TDCVs are widely used within the industry, consumers and the media as standard annual consumption values. Using one set of data within the SMI and another set of data in other published information has the potential to lead to confusion among customers. Wider publications within and relating to, the energy industry often quote both sets of figures, leading to further confusion, inconsistency and leading to consumers drawing incorrect conclusions in relation to energy prices.

In addition, SSE is reasonably comfortable with the proposed implementation timescales of September 2015. We note within Ofgem's letter that a final decision is due to be published towards the end of May, providing suppliers with three months in which to implement. SSE would request that, should the final decision be delayed, this is reflected within the implementation deadline (i.e. always providing three months).

In conclusion, whilst SSE supports Ofgem's review of TDCVs, we believe further analysis is required to forecast proposed levels of consumption in the future to ensure the information is as accurate and relevant for consumers as possible. SSE also believes that the SMI methodology should be reviewed and considered in conjunction with the TDCV to ensure consistency. SSE would welcome the opportunity to discuss this in more detail with Ofgem.

Please do not hesitate to contact me if you wish to discuss any of the points raised in this letter in more detail.

Yours sincerely

(by email)

Steven Findlay  
**Markets, Regulation**