

Guidance for derogation requests from domestic Retail Market Review (RMR) licence conditions

Guidance

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Overview:

This document sets out Ofgem's guidance on the process for requesting a derogation from an electricity or gas supply Standard Licence Condition introduced or modified as part of the Retail Market Review (RMR) reforms. A derogation relieves a licensed supplier from its obligation to comply with a requirement in its licence, in specific circumstances and to a specified extent.

RMR reforms were designed to make the retail energy market simpler, clearer and fairer – so as to promote consumer engagement, increase competitive pressure on suppliers and improve quality of service. In the absence of a derogation, suppliers are required to comply with all RMR rules. To make the case for a derogation, suppliers must demonstrate that compliance with one or more RMR rules would result in outcomes that are inconsistent with the intended outcomes of the specific RMR policies.

In making derogation decisions, Ofgem considers its principal objective to protect the interests of existing and future consumers. This includes, among other things, having regard to the interests of vulnerable consumers, promoting competition in the energy market and considering the need to contribute to the achievement of sustainable development.

We recognise the need to make decisions quickly. We have improved our process and aim to make a decision on each derogation case within 60 working days. Before submitting a formal derogation application, we encourage suppliers to contact us at Derogations@ofgem.gov.uk to seek advice on the process and the required information.

Associated documents

All published documents are available at www.Ofgem.gov.uk. The key RMR documents include:

- List of granted RMR derogations available at "[Guidance for derogation requests from domestic Retail Market Review \(RMR\) licence conditions](#)".
- [The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information, August 2013.](#)
- [The Retail Market Review – Statutory consultation on the RMR domestic proposals, June 2013, Reference: 95a/13.](#)
- [The Retail Market Review – Final domestic proposals, March 2013, Reference: 40/13.](#)
- [The Retail Market Review – Final Impact Assessment for domestic proposals, March 2013, Reference: 41/13.](#)

Contents

1. Introduction	4
Background on RMR policies	4
Structure of document	5
2. Nature of derogations	6
When can a derogation be considered?	6
Who can apply for a derogation?	7
Which RMR rules are covered by derogations	7
3. Derogation application and assessment	8
Stage one – informal engagement	9
Stage two – submission of application	9
Stage three – substantive assessment	10
Appendix one – RMR rules open to derogations	12
Tariff rules	12
Information rules	13
Other RMR rules that apply	13
Appendix two – Derogation request application template	14
Appendix three – Glossary	16

1. Introduction

- 1.1. This document provides guidance to suppliers interested in submitting an application for a derogation from RMR rules. It identifies RMR rules for which the Gas and Electricity Markets Authority (GEMA) has a discretionary power to grant derogations. It also presents the approach we take in considering derogation applications. We consulted on our derogation approach during the RMR development and indicated that we will keep this guidance under review and may update it from time to time.¹
- 1.2. We acknowledged that as the market develops and adapts to the RMR requirements, our approach to derogations may need to be amended. This is the first update of the guidance based on our experience from assessing derogation requests received since RMR rules came into force.

Background on RMR reforms

- 1.3. As a result of the RMR, Ofgem introduced new rules requiring suppliers to provide customers with simpler tariff choices, clearer information and fairer treatment. The rules were aimed at improving consumer engagement in the market and increasing competitive pressure on suppliers in order to drive down energy bills and increase quality of service provided to consumers.

Simpler tariff choices

- 1.4. Tariffs rules under the RMR were aimed at making the market simpler and facilitating consumers' ability to compare deals (to access, assess and act on information) in order to choose the best energy tariffs for their needs.² The main tariff simplification rules include limiting the number of core tariffs each supplier can offer, standardising tariff structure and additional restrictions on fixed-term tariffs, discounts, bundles and reward points.

Clearer information

- 1.5. Information rules were aimed at providing consumers with more relevant and useful information to engage in the market, including clearer information on their energy consumption, costs and bills.³ We introduced rules around information tools used by suppliers and aspects of their routine communications with consumers. The main rules apply to routine communications (including bills and annual statements) and more specifically

¹ See "[The Retail Market Review – Final domestic proposals](#)", March 2013, Reference: 40/13; and "[The Retail Market Review – Statutory consultation on the RMR domestic proposals](#)", June 2013, Reference: 95a/13.

² Some of the tariff rules (including the fixed-term tariff rules) came into force on 23 October 2013, meanwhile the main tariff rules (tariff cap, tariff structure, discounts, bundles and reward points rules) came into force on 31 December 2013.

³ The main information rules came into force on 31 March 2014.

to the Tariff Comparison Rate (TCR), Personal Projection (PP), Cheapest Tariff Messaging (CTM), and Tariff Information Label (TIL).

Fairer energy market

- 1.6. We introduced the Standards of Conduct to ensure that suppliers (including their representatives) treat domestic energy consumers fairly and that their actions do not significantly favour their interest to the detriment of the consumer.⁴ The Standards of Conduct require suppliers and their representatives to behave and carry out their activities in a fair, honest, transparent, appropriate and professional manner.
- 1.7. To comply with the rules in this area, suppliers must take all reasonable steps to ensure that they interpret and apply the Standards of Conduct in a manner that is consistent with the RMR requirement to treat every consumer fairly. Apart from any matters relating to deemed contracts, the rules relating to the Standards of Conduct do not apply in respect of the amount or amounts of any charges for the supply of electricity/gas or any other type of charge or fee.

Structure of document

- 1.8. The rest of this document is divided into two chapters and three appendices.
 - Chapter two explains the nature of RMR derogations.
 - Chapter three presents the derogation application process and assessment criteria.
 - Appendix one presents the RMR licence conditions that are open to derogations. Appendix two presents the template for submitting a derogation application. Appendix three presents the glossary with some RMR concepts considered in this document.

⁴ The Standards of Conduct came into force on 26 August 2013.

2. Nature of derogations

- 2.1. A derogation is a direction from GEMA relieving a licensee from its obligation to comply with a licence condition in specific circumstances and to a specified extent.⁵ We only grant derogations in exceptional circumstances. Unless a derogation is granted, electricity and gas supply licensees are required to comply with all RMR rules.
- 2.2. When a derogation is granted, we consider whether to place conditions and/or alternative requirements on the supplier to comply with. A derogation would normally have an expiry date so that the need for it can be systematically reviewed. The derogation will also normally have provisions for circumstances in which it could be revoked. For example, if the supplier submitted inaccurate information or if the supplier (and where applicable, its representative) does not comply with any requirements or conditions of the derogation.
- 2.3. If granted, a derogation will not normally apply to a period before the date the direction is issued. Suppliers are therefore encouraged to engage with us early in their projects to ensure that a decision is made before their proposals reach advanced stages. More details are provided in the application process in chapter three. Retrospective applications for derogations will not deter Ofgem from considering enforcement action where appropriate.

When can a derogation be considered?

- 2.4. RMR reforms were designed to make the retail energy market simpler, clearer and fairer – so as to promote consumer engagement, increase competitive pressure on suppliers and improve quality of service. Through the consultation process, we made significant changes to RMR rules to take account of practical issues raised by suppliers or where additional flexibility in the rules would benefit consumers.
- 2.5. In the absence of a derogation, suppliers are required to comply with all RMR rules. Derogations from RMR rules were put in place as a safety valve to be used only in circumstances where a supplier demonstrates that compliance with a specific rule would result in outcomes that are inconsistent with the intended outcomes and have substantial unintended negative consequences for consumers.
- 2.6. In assessing derogations, we consider the consumer outcomes set out in Ofgem’s corporate strategy.⁶ These include the impacts on bills, quality of

⁵ For the purposes of this guidance document, a “Direction” is a legal binding decision of GEMA which has the effect of exempting a licensed supplier from having to comply with one or more licence condition requirements and which may be subject to specified conditions (e.g. compliance with alternative requirements).

⁶ See “Ofgem: Our Strategy” published on 18 December 2014 at <https://www.ofgem.gov.uk//publications-and-updates/corporate-strategy>

service, the environment and social outcomes. In particular, we consider social tariffs and pilot schemes for innovative products linked to smart metering as areas where derogation requests from RMR rules may be appropriate. In derogations granted to date, we have considered schemes specifically targeted towards vulnerable customers and innovations which promote energy efficiency and sustainable development.

- 2.7. More generally, we seek to strike the right balance in our derogation assessments and decisions by upholding the key protections afforded to consumers by the RMR reforms, while allowing room for innovation.

Who can apply for a derogation?

- 2.8. RMR policies were put in place by amendments to the electricity and gas supply Standard Licence Conditions (SLCs). Therefore only licensed suppliers can seek derogations from the RMR rules. For example, if a white label provider identifies a need for a derogation, the relevant licence holder would be the one to apply for the derogation. If the derogation is granted, it will apply to the licensed party who will be responsible for ensuring compliance by any associated third party to any conditions set out in the directions.
- 2.9. We may consider a derogation case on our own initiative. This may involve a case where supplier representatives or other third parties suggest that a derogation from a specific aspect of the rules is necessary. We may also consider the need to grant a derogation to all suppliers as opposed to a specific supplier or to amend the license if appropriate.

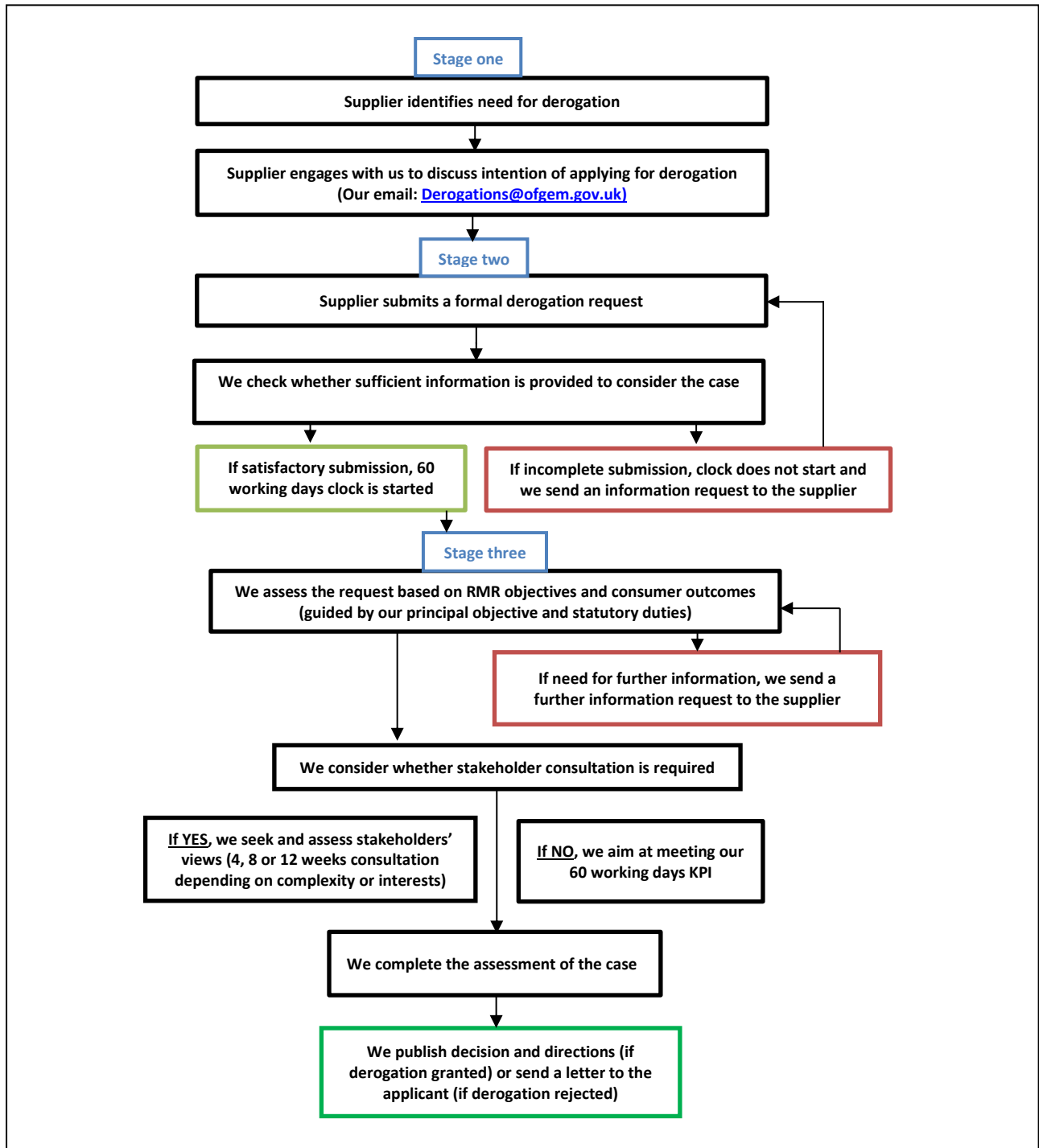
Which RMR rules are covered by derogations?

- 2.10. Appendix one sets out the RMR licence conditions that contain a power enabling the GEMA to grant derogations where appropriate. These include the applicable tariff rules, the information rules and other rules relating to overarching issues and transitional arrangements.
- 2.11. The Standards of Conduct are not open to derogations. Suppliers must always take all reasonable steps to ensure that they, and their representatives, treat customers fairly.

3. Derogation application and assessment

3.1. Our application and assessment process is summarised in figure one below. The stages are explained in more detail in the rest of the chapter.

Figure one: Derogation Process



Stage one – informal engagement

- 3.2. Licensed suppliers interested in submitting a derogation application are invited to engage with us as soon as possible to seek advice on the process and the required information before submitting a formal application. Please email us on Derogations@ofgem.gov.uk. We will respond within 5 working days.
- 3.3. Early engagement helps increase the efficiency of the derogation process. It allows us to discuss with interested suppliers the need for a derogation and the relevant rules. While we encourage early engagement, the onus is on the supplier to identify the specific rules that are acting as a constraint to the proposed scheme and demonstrate the merits of the case.

Stage two – submission of application

- 3.4. Once the need for a derogation is considered, the licensee should submit a written application for a derogation from the specific licence conditions identified. Derogation requests should be made using the application template available on our [derogation webpage](#). A copy is included in Appendix two.
- 3.5. The applicant should complete all the relevant sections of the template in detail. Incomplete submissions or insufficient detail provided in the application may delay our assessment of the case.
- 3.6. When submitting the application, we request that the applicant provides clear and complete information about the following:
 - **Explanation of the scheme** – clearly explain the proposed scheme (for example, an innovative technology, product or service), including its objectives and the implementation timetable, indicating when it is expected to go live.
 - **Relevant rules** – clearly identify the relevant RMR rules that it considers to act as constraints to the proposed scheme and the unintended negative consequences on consumers if it had to comply with the identified rules.
 - **Alternatives to derogation** – where possible or relevant, set out alternative approaches to delivering the proposed scheme without the need for a derogation, including the key constraints for each approach.
 - **Benefits** – explain the benefits of the proposed scheme to consumers (including vulnerable consumers where relevant). This should include the impacts on bills, quality of service, the environment and social outcomes as set out in Ofgem’s corporate strategy.⁷
 - **Duration** – set out the duration for which you are requesting a derogation and explain why this is appropriate. For example, the nature of the proposed scheme or trial.

⁷ Please provide quantitative estimates wherever possible with the methodology used.

- 3.7. In addition to submitting a completed application, we request that the licensee submits the terms and conditions of the proposed scheme (even if this is a draft version), and any other relevant information or analysis that may be useful in supporting their case, including any relevant consumer research.

Our 60 working days KPI

- 3.8. Before moving to stage three, we would confirm whether we have received a satisfactory submission. If we consider that the submission is incomplete, we will notify the applicant indicating the areas where we require further information or clarifications. When the submission is considered to be complete, then the 60 working days 'clock' will start.⁸
- 3.9. If at any point in our assessment, we consider that the information submitted by the applicant is incomplete or that there is need for further substantive clarification, we may request further information from the applicant with a given deadline to respond (usually one week). If the response deadline is missed, we will stop the 'clock' until such information is received.
- 3.10. If we consider that public consultation is required or that a licence modification would be a more appropriate route than a derogation (for example, to ensure consistency across licensees), the 60 working days deadline may be extended. Due to the commercial sensitivity of the derogation applications, a consultation would only be considered in exceptional circumstances where it is necessary. We would confirm the need to consult with the supplier before consulting.
- 3.11. We have not needed to consult on granted derogations so far. In the circumstance of a consultation, the time it will take us to reach a decision will depend on the differing degrees of urgency, complexity and impact of our decision. Our consultation period will either be four, eight or twelve weeks, which is the maximum consultation period that we would normally take on issues that are expected to be of wide significance and interest.⁹

Stage three – substantive assessment

- 3.12. We consider each derogation on a case-by-case basis. We assess each application based on arguments and evidence submitted to demonstrate that compliance with a specific rule would result in outcomes that are inconsistent with RMR objectives and have substantial unintended negative consequences for consumers. Our decisions are guided by our principal objective and statutory duties.¹⁰

⁸ Ofgem has proposed a target to meet its 60 working days KPI in 90% of derogation cases. See Ofgem's "[Forward Work Programme 2015-16](#)", 25 March 2015.

⁹ See "Guidance on Ofgem's approach to consultation", 20 December 2011, at

<https://www.ofgem.gov.uk/ofgem-publications/37043/guidance-ofgems-approach-consultation.pdf>.

¹⁰ Ofgem's principal objective is to protect the interests of existing and future consumers. Our statutory duties are mainly established in UK law, in the Gas Act 1986 and Electricity Act 1989. Provisions also appear in other legislation, including the Competition Act 1998, Utilities Act 2000 and Energy Act 2013.

- 3.13. Specifically, we would consider the impact of the proposed scheme on simpler tariff choices, clearer information and fairer treatment of customers. We would also consider the impact on consumer engagement in the market, on competition and on consumer outcomes. These include the impact on bills, quality of service, the environment and social benefits, particularly as they relate to vulnerable consumers.
- 3.14. If during the assessment, we identify any potential risks that may arise from the proposed scheme, for example, any possible negative impact on consumers (including reliability and safety issues) or any possible distortion in competition in the market, we would raise the issues with the supplier and seek evidence on how they will mitigate the risks before considering whether a derogation can be granted.
- 3.15. For consistency, we take into account the nature of derogations we have already granted, the circumstances under which they were granted, and the conditions attached to them. Besides evidence submitted by the applicant, we may also consider evidence gathered through our monitoring activities and from other sources including from third parties, when necessary.
- 3.16. Decisions on granted derogations are published on Ofgem's website, including the direction(s) issued to the licensee. The direction(s) specify the duration of the derogation, any alternative obligations that apply as modification of the licence conditions which are subject to the derogation and any other conditions which must be satisfied by the licensee (which may include reporting obligations). They also set out the grounds for when we may consider revoking the derogation.

Duration of derogation

- 3.17. We grant derogations based on different durations:
- **Definite:** the derogation would be in force for the period of time specified in the direction(s).
 - **Lifetime:** the derogation would be in force for the lifetime of the specific scheme.
 - **Indefinite:** the derogation would be in force until a further derogation is made or the derogation is revoked.
- 3.18. As a matter of policy, the longer the duration of any derogation, the more likely it is that we would consider it to be appropriate that the decision to grant the derogation would be subject to periodic reviews.

Appendix one – RMR rules open to derogations

3.19. Derogation requests from domestic RMR rules are limited to the following SLCs. These are classified into tariff rules, information rules and other RMR rules.

Tariff rules

3.20. Tariff rules for which a licensee may request a derogation from, with a short but non-exhaustive description, are:

- **SLC 22A Unit Rate and Standing Charge Requirements:** this condition covers the requirement for non-time of use tariffs to have a single unit rate and a standing charge.
- **SLC 22B Restrictions on Tariff Numbers and Tariff Simplification:** this condition covers the requirement to offer not more than four core tariffs per metering category and sets out allowed discounts, bundles and reward points.
- **SLC 22C Fixed Term Supply Contracts:** this condition covers requirements around the renewal of fixed term contracts, termination fees, continuation of supply after the end of fixed term contracts, and adverse unilateral variations of fixed term contracts.
- **SLC 22CB Transitional Provisions:** this condition covers temporary requirements on fixed term contracts which were available to domestic customers or entered into before 1 May 2013 or which were extended in any way before 15 July 2014.
- **SLC 22D Dead Tariffs:**¹¹ this condition covers requirements around the withdrawal of live evergreen tariffs, exceptions for dead tariffs that existed before the dead tariffs rules and that are cheaper than or are as cheap as the relevant cheapest evergreen tariffs, and the rules on migration of customers from dead tariffs to cheapest evergreen.
- **SLC 22E Unmetered Supply Arrangements:** this condition covers flexibilities around SLC 22A and SLC 22B for unmetered supply arrangements, adjustments to relevant information provided to customers in relation to their tariff, and ensuring that such customers are not at a significant disadvantage to other customers.
- **SLC 22F Bespoke Heating Arrangements:** this condition applies to any domestic supply contract or a deemed contract which incorporates a Bespoke Heating System Arrangement. Bespoke Heating System Arrangements are contractual arrangements which only apply to Electrical Heating Systems.

¹¹ A "Dead Tariff" is a tariff in respect of an evergreen supply contract which is not a live evergreen tariff.

- **SLC 23 Notification of Domestic Supply Contract terms:** this condition covers requirements to notify customers of the principal terms of their contracts, end of contracts, any unilateral contract variations, and any applicable exceptions.
- **SLC 23A Mutual Variations:** this condition covers requirements around amendments to the terms and/or conditions (including price) of a consumer's energy supply contract.

Information rules

3.21. Information rules for which a licensee may request a derogation from include:

- **SLC 31A Bills, statements of account and annual statements:** this condition covers requirements around the content and format of the bill or statement of account and Annual Statement sent to a domestic customer.
- **SLC 31B Tariff Information Label:** this condition covers requirements around the provision, publication and content of a tariff information label.
- **SLC 31C Tariff Comparison Rate:** this condition covers requirements around the provision and display of a tariff comparison rate.
- **SLC 31E Overarching requirements:** this condition covers additional requirements around the relevant cheapest tariff, alternative cheapest tariff, the provision of a tariff information label and estimated annual costs.

Other RMR rules that apply

3.22. Other RMR rules for which a licensee may request a derogation from include:

- **SLC 31D Temporary Provisions for White Label Tariffs:** this condition covers temporary flexibility around SLC 22B for white label agreements which were in place before 1 March 2013, including the definitions of relevant cheapest tariff, alternative cheapest tariff and cheapest evergreen tariffs.

3.23. Insofar as a definition applies to any of the SLCs above, it could also be subject to consideration for a derogation.

Appendix two – Derogation request application template

Retail Market Review (RMR) Derogation Application Template	
1. Applicant's details	
1.1 Licence holder's name	
1.2 Licence holder's address	
1.3 Licence holder's company number	
1.4 Contact name	
1.5 Contact email	
1.6 Contact phone number	
<p>2. Explanation of the proposed scheme – Please clearly explain:</p> <ul style="list-style-type: none"> a. your proposed scheme, its objectives, and implementation timetable b. consumer group(s) targeted (eg vulnerable consumers, social group) and any conditions regarding eligibility c. geographic aspects if the scheme is limited to specific areas or regions. 	
<p>3. Relevant rules – Please clearly identify:</p> <ul style="list-style-type: none"> a. the relevant RMR rules that you consider to act as constraints to the proposed scheme (see Appendix one for RMR rules open to derogation) b. any unintended negative consequences on consumers if you had to comply with each rule identified (See Chapter one for a discussion of the intended consequences of RMR policies). 	
<p>4. Alternatives to derogation – Please set out:</p> <ul style="list-style-type: none"> a. possible alternative approaches to delivering the scheme without the need for a derogation b. the key constraints for each alternative approach considered c. the licensee's ability to continue operating using their business model or the impact of changing their model on their financial viability if the derogation is not granted d. or, why a derogation is the only possible solution. 	

- 5. Benefits** – Please explain the benefits of the proposed scheme on:
- a. consumers (including benefits to vulnerable consumers, the nature of the benefit, and the duration of the benefit - this should include the impacts on bills and on quality of service)
 - b. sustainable development.

Please see our assessment criteria in chapter 3, and include any quantitative estimates of the benefits wherever possible and your calculation methodology.

- 6. Duration** – Please set out:
- a. the duration for which you are requesting a derogation
 - b. why this is the appropriate length of time required for the derogation.

- 7. Other relevant information** – Please provide:
- a. the terms and conditions of the proposed scheme (even if this is a draft version)
 - b. any other relevant information, consumer research, and other analysis or evidence that may be useful in supporting your case.

Appendix three – Glossary

A

Annual Statement

A written document that suppliers must provide to each customer, each year. The annual statement contains a range of key tariff information, including tariff name, consumption over the previous 12 months, estimate of annual cost for the next 12 months and details of any premium or discount that applies to the tariff.

Annual Bill

The amount that a customer would have to pay for gas and/or electricity over one whole year.

Authority

The Gas and Electricity Markets Authority.

B

Barrier to entry

A factor that may limit a firm's ability to enter the market.

Barrier to expansion

A factor that may limit a firm's ability to increase in size.

Bespoke Heating System Arrangement

A contractual arrangement (or, where applicable, part of a contractual arrangement) in respect of a domestic supply contract or a deemed contract which only relates to an electrical heating system.

Bundled Products (Bundles)

A bundled product means a Tied Bundle, Opt-in Bundle or Opt-out Bundle.

An **opt-in bundle** means one or more non-energy products (which may include a choice from a selection of non-energy products) that are not initially combined with a core tariff, but which the domestic customer can choose to receive and which would then be combined with, or in any way linked to, a core tariff.

A **tied bundle** means a non-energy product that is combined with, or in any way linked to, a core tariff and which the domestic customer has to receive.

An **opt-out bundle** means one or more non-energy products (which may include a choice from a selection of non-energy products) that are combined with, or in any

way linked to, a core tariff, but which the domestic customer can choose not to receive.

C

Cheapest tariff message (CTM)

Suppliers of domestic consumers must present this information in page 1 of the bill and in other regular customer communications. It contains two savings messages, expressed in pounds per year and based on the personal usage of the customer. The first, 'narrow' message, informs customers of any savings that they could achieve by switching to the cheapest similar tariff of their supplier. The second, 'wide' message, informs customers of any savings that they could achieve by switching to the cheapest overall tariff of their supplier.

Core tariff

The charges for supply of electricity/gas combined with all other terms and conditions that apply, or are in any way linked, to a particular type of contract for the supply of gas/electricity to a domestic customer subject to certain features which may be excluded by virtue of Schedule 1 to SLC22B (dual fuel discounts, variations in charges relating to payment method, appropriate surcharges and optional additional services).

D

Dead tariff

A tariff in respect of an evergreen supply contract which is not a live evergreen tariff.

Deemed Contract

A deemed contract **for gas supply** means, as between the licensee and a customer, a contract deemed to have been made because of paragraph 8 of Schedule 2B to the Act but does not include a contract deemed to have been made because of paragraph 19(2) of Schedule 5 to the Gas Act 1995.

A deemed contract **for electricity supply** means, as between the licensee and a customer, a contract deemed to have been made because of paragraph 3 of Schedule 6 to the Act but does not include a contract deemed to have been made because of paragraph 23 of Schedule 7 to the Utilities Act 2000.

Direct debit (DD)

A method of payment where a fixed or variable amount is taken from a bank account over time (each month, quarter or year).

Domestic customer

A customer supplied or requiring to be supplied with gas and/or electricity at domestic premises but excludes such customer insofar as he is supplied or requires to be supplied at premises other than domestic premises.

Domestic energy supplier

An company that sells energy to and bills domestic customers in Great Britain.

Dual Fuel (DF)

A type of energy contract where a customer buys gas and electricity from the same supplier or its relevant affiliate under a single account.

E

Electrical Heating System

Any space and/or water heating equipment that uses one or more electrical circuits that are solely used for that equipment.

End of Contract Notification

A communication from a supplier to a consumer, indicating that the fixed term period of the consumer's energy supply contract is due to expire, and setting out the arrangements that the consumer will default to and the options available to the consumer to act in response to this notification.

Evergreen (variable) contract

A domestic supply contract (or, where applicable, part of a domestic supply contract) which is for a period of an indefinite length and which does not contain a fixed term period that applies to any of the terms and conditions of that domestic supply contract. This contract may be terminated by the customer by giving notice in accordance with the contractual terms, eg 28 days notice.

F

Fixed price tariff

A tariff that guarantees that the price paid per unit of gas or electricity used will not change for a given period of time.

Fixed term tariff

A domestic supply contract (or, where applicable, part of a domestic supply contract) with a fixed term period that applies to any of the terms and conditions of that domestic supply contract.

M

Mutual variation

An amendment to the terms and/or conditions (including price) of a consumer's energy supply contract, agreed with the consumer. The consumer would not be obliged to accept the proposed variation. The variation can only be binding following express agreement from the consumer.

O

Online tariff

A tariff for the supply of electricity/gas which may only be entered into via a website, and/or a tariff which must be managed fully or partly by a customer via a website.

Online Account Management

Any arrangement whereby a domestic customer does not receive a paper version of a bill or statement of account and would need to access the internet and use a computer or communication device.

Online Account Management Discount

A discount which complies with standard licence condition 22B and which the licensee may apply to a tariff on the basis that the domestic customer is subject to online account management.

Open tariff

A tariff that is available to new and existing customers at any given time.

P

Personal projection

The estimated cost of energy to a consumer over a 12 month period, based on a specified methodology and the best available information about that consumer's consumption.

Prepayment

A payment method that allows an energy consumer to pay for their energy consumption in advance through a prepayment account. The prepayment meter deducts given amounts from the account balance based on the amount of energy used by the consumer and the rates that apply to the consumer's tariff.

Price Increase Notification (PIN)

The licence requirement that if a supplier decides to increase the price of a tariff, the supplier must notify the customer at least 30 days in advance of the date the price increase takes effect.

S

Smart meter

A meter that provides measured gas or electricity consumption data for multiple time periods, and is able to provide the relevant supplier with remote access to such data.

Standard credit

A method of payment where the consumer receives a bill for their energy use over a given period, (eg a number of months) and pays the bill by cash or cheque.

Standing charge

A monetary amount that is continuously chargeable to a customer on a daily basis and which is chargeable in addition to charges arising on the basis of a unit rate, in respect of the supply of gas and/or electricity to a customer's premises.

Standard Licence Conditions (SLCs)

The legally binding conditions that licensed gas and electricity suppliers must meet to supply gas and/or electricity to domestic and non-domestic customers, in accordance with the Gas Act (1986) and Electricity Act (1989).

Switching

The process of changing gas or electricity supplier, or changing to a new tariff with the same supplier.

Switching window

The period in which a consumer is eligible to switch supplier, in response to an End of Contract Notification, in which they will not be subject to any termination fees or be required to notify their supplier of their intention to switch.

T

Tariff

The charges for supply of electricity/gas combined with all other terms and conditions that apply, or are in any way linked, to a particular type of contract (including deemed contracts) for the supply of electricity/gas to a domestic customer.

Tariff Comparison Rate (TCR)

The total amount in pence per kWh (expressed to two decimal places and inclusive of value added tax) based on a given mathematical formulation in the license conditions. It is intended to serve as a metric that allows consumers to compare the price of energy tariffs on a like-for-like basis using a typical consumption figure.

Tariff Information Label (TIL)

A table, in a standardised format, that contains a summary of all the tariff features. It is available on suppliers' websites and free of charge on request.

Tariff structure

The way in which a tariff's charges are structured. Non-time of use tariffs have a single unit rate and a standing charge, which can be zero.

Termination (exit) fees

Where part of their contract, these are the contractually agreed price a customer must pay if they terminate their contract before the agreed contract end date.

Time of Use tariff (ToU)

A tariff where the charges vary by the time when the energy is consumed, for example through different unit rates for energy consumed during the day and during the night.

U

Unilateral variation

An amendment to the terms and/or conditions (including price) of a consumer's energy supply contract, which is provided for in the contract and is at the sole discretion of the supplier.

Unit rate

The monetary amount that is chargeable in respect of each unit of gas/electricity consumed.

V

Variation

An amendment to the terms and/or conditions (including price) of a consumer's energy supply contract.

W

White label provider

An organisation that does not hold a supply licence, but instead works in partnership with a licensed supplier to offer gas and electricity to consumers using its own brand.