

Lynda Carroll
Ofgem
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Dear Lynda,

Review of Typical Domestic Consumption Values (TDCVs)

We welcome Ofgem's review of the Typical Domestic Consumption Values (TDCVs) for gas and electricity. These values play an important role in the retail energy market and act as a common point of comparison for consumers when engaging with energy suppliers and price comparison websites. This is particularly the case since the introduction of the Retail Market Review (RMR) information remedies in 2014, as the TDCVs are now quoted on the Tariff Information Label and used to calculate the Tariff Comparison Rate.

Given their importance, the TDCVs should provide an accurate view of the gas and electricity consumption of a typical customer. We have previously expressed our support for the methodology used by Ofgem to calculate the TDCVs and we continue to support this methodology. Ofgem's methodology produces consumption values that are broadly consistent with our own view of 'typical' consumption.

There is one area of concern that we would like to highlight. Energy demand is currently reducing at a rate of around 3-4% per year. Given this, reviewing the TDCVs once every two years risks the consumption values becoming materially inaccurate. We appreciate that annual reviews would involve additional administration by Ofgem and suppliers would incur system costs to update websites and program logic. However, we believe the benefits in accuracy outweigh these practical considerations. We therefore propose that Ofgem should commit to an annual review of the TDCVs. This one point aside, we welcome Ofgem's approach to maintaining and updating the TDCVs.

If you have any questions about this response, please contact me on 07769 548 906 or by emailing Thomas.lowe@britishgas.co.uk.

Yours sincerely

Thomas Lowe

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