

Dear Lynda

I refer to your open letter of 24<sup>th</sup> March 2015 in regards Ofgem's proposal to revise the Typical Domestic Consumption Value for gas and electricity

Energylinx provides this response on a non-confidential basis.

Whilst we agree wholeheartedly that it is appropriate to review consumption values from time to time to ensure that TDVCs are as accurate as possible we do not believe that the current proposals are reflective of the market itself and given the use of TDVCs within the TIL, in particular their underpinning of the TCR, we feel that it is of paramount importance to get this correct.

We have been tracking all the TDVC points since 2002 and whilst we have never been entirely comfortable with the proposals made we feel that this time it would be an error on our part to remain silent on the matter while providing data. We have provided below the figures for the previous 12 months

The figures that we provide are based on circa 20,000 dual and single fuel (circa 35,000 single fuel) switches per month:

		Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Average over last twelve months	Ofgem Proposed	Difference from average over last 12 months	% Difference from average over last 12 months
Gas	Low	8565.00	8245.00	6878.00	7349.00	6071.00	5665.00	7803.00	6706.00	7725.50	7949.00	8000.00	8042.00	7416.542	8,000	-583	-7.29%
	Medium	14492.35	14182.02	13053.30	12735.17	12042.20	12353.84	13349.49	12916.33	13010.83	13650.80	14067.12	14216.00	13339.12	12,500	839	6.71%
	High	19794.00	19738.00	18271.00	18000.00	17604.00	17814.00	18474.00	17930.25	18029.00	19035.00	19404.00	19466.00	18629.94	18,000	630	3.50%
Elec - STD	Low	2462.50	2712.00	2707.25	2740.00	2761.00	2818.00	2847.00	2831.00	2781.00	2830.75	2862.00	2831.00	2765.292	2,000	765	38.26%
	Medium	4037.28	4118.73	4129.67	4112.01	4108.88	4257.39	4277.27	4303.44	4244.50	4409.44	4429.78	4613.00	4253.45	3,100	1,153	37.21%
	High	4837.50	4997.50	5021.75	5007.00	4992.00	5129.00	5125.50	5059.50	5126.75	5159.25	5479.00	5381.00	5109.646	4,600	510	11.08%
E7 Elec	Low	3018.00	3435.75	4000.00	3318.00	3350.00	3376.00	3772.75	3251.00	3274.50	3246.00	3500.00	3614.00	3429.667	2,500	930	37.19%
	Medium	5817.37	6652.55	6842.15	6068.04	6303.15	6386.58	6443.06	6264.94	6107.56	5930.16	6235.54	6343.00	6282.842	4,300	1,983	46.11%
	High	7184.00	8161.75	8202.25	7198.00	7669.00	7666.00	7667.00	7666.00	7463.75	7129.50	7500.00	7597.00	7592.021	7,200	392	5.44%

Taking into account averages of each of the tiers we immediately see that your figures appear to differ to what is actually happening in the market by as much as 46%.

In our opinion domestic electricity and gas consumptions mildly follows the state of the economy and whilst we have seen some drops during the recent austerity climate, now that we are apparently coming out of this results in consumers using more electricity and gas.

If you do proceed with your plans, domestic energy customers may well feel good and, politically, may be led to believe that energy consumption/spends have fallen. In reality however at their own household level they will most likely find that they have increased.

We would therefore encourage you, instead of creating figures based on a simple subset of the industry, to mandate all domestic energy suppliers and all TPIS to provide the same information as above then base your decision on those averages.

Doing anything different in our opinion will create a negative level of confidence in the market at consumer level.

Best regards

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CEO  
Energylinx