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Anna Rossington
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By email to: Retailpriceregulation@ofgem.gov.uk

Dear Anna

Statutory consultation on the process for modifying the default tariff cap¹

Centrica welcomes and endorses Ofgem's proposal to modify Standard Licence Condition (SLC) 28AD in the gas and electricity supply licences, so that when it calculates the Benchmark Maximum Charges for an upcoming Charge Restriction Period of the Default Tariff Cap it would use the licence conditions that will have effect in that upcoming Cap period, notwithstanding that those conditions may not have effect at the time of the announcement.

We agree that the 'back to back' notice problem Ofgem has recently identified is not a necessary requirement of the Domestic Gas and Electricity (Tariff Cap) Act 2018 but rather an artefact of Ofgem's interpretation of the current wording of SLC 28AD itself. We further agree that the resulting - unintended - combined notice period of around 110 days is neither necessary nor appropriate and, if maintained, risks compromising necessary data gathering and consultation for the methodology reviews Ofgem has committed to undertake in time for the Charge Restriction Period commencing 1 October 2020.² In these circumstances, we agree that the modification Ofgem proposes is appropriate and should proceed as soon as possible to remove any ambiguity for Ofgem and stakeholders.

We look forward to engaging further with Ofgem in the context of the consultations signalled in Ofgem's open letter of 31 January. If you have any immediate questions on our present response, please contact me or don.wilson@centrica.com in the first instance.

Yours sincerely

¹ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-process-modifying-default-tariff-cap>

² <https://www.ofgem.gov.uk/publications-and-updates/default-tariff-cap-january-2020-update-letter>

A handwritten signature in black ink, appearing to read 'Tim Dewhurst', with a stylized flourish at the end.

Tim Dewhurst
Regulatory Affairs Director