



09 December 2020

Dennis Berg
Retail policy Team
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

E.ON UK
Newstead Court
Little Oak Drive
Annesley
Nottinghamshire
NG15 ODR
eonenergy.com

Email: Trevor.Clark@eonenergy.com
Mobile: 07739 519736

By email only: CDconsultations@ofgem.gov.uk

Dear Dennis

Consultation on extending protections for domestic customers who may have Prepayment meters installed under warrant (Electricity and Gas Supply Standard Licence Condition 28B).

E.ON (including npower) is broadly supportive of the extensions of protections under SLC28B; however, we cannot support the extension of a cap on warrant charges.

The cap is limiting the rights afforded to suppliers by primary legislation to recover any expenses following non-payment of charges to install a Prepayment meter. We remain of the view that Ofgem does not have the right to constrain our statutory rights, and do not consider that Ofgem has sufficiently explained the legal basis upon which it is relying to limit these rights. Ofgem must clearly set out the precise powers and provisions upon which it is relying. As highlighted by the High Court of Justice during its Judicial Review of the calculation of wholesale costs in period one of the default tariff cap, in accordance with basic public law standards, consultation is required so that the decision-maker's thinking is made transparent. This will result in informed responses being provided from the body of consultees, leading to conscientious consideration, resulting in a lawful decision.

We estimate that the £150 cap per customer only allows E.ON to recover ■% of costs incurred for those warrants which are executed. Where we need to raise a warrant for each fuel, it would be only ■% of our costs that we can recover. We do not believe that E.ON is a market outlier; we operate as efficiently as possible and try to ensure costs are minimised. These are legitimate costs accrued in performing these services.

With suppliers unable to recover costs directly from the customers in the warrants process, suppliers are either forced to recover the costs from across the remaining

E.ON UK plc
Registered in
England and Wales
No 02366970

Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

customer portfolio, meaning any cost saving estimates are artificial, or absorb these costs. In practice, it is generally the latter as the amount suppliers can charge default tariff customers is constrained by the price cap, and for everyone else the price you can charge is capped by competitive market conditions. However, in the current climate, with increased costs and bad debt as a result of COVID-19, E.ON cannot afford to absorb these costs any longer and will consider any further action(s) that may be available to us if the cap remains.

If you have any questions about our response please contact Clare Manning on 07812 366727, or email clare.manning@eonenergy.com and copy in our mailbox regcomms-external@eonenergy.com as this is regularly monitored.

Yours sincerely

Trevor Clark
Regulatory Governance and Reporting Manager