

The Company Secretary

Utilita Energy Limited
Secure House
Moorside Road
Winchester, Hampshire
SO23 7RX, UK

Date: 01 June 2016

Dear Sir/Madam

Request for derogation – Provision of MPAN/MPRN on Annual Statements and allowing a sheet of Statement Paper to be sent with the Annual Statement

This letter sets out the decision of the Gas and Electricity Markets Authority (the “**Authority**”) to grant Utilita Energy Limited (company number 04849181) (the “**Licensee**”), an enduring derogation from specified standard conditions of its electricity and gas supply licences. This derogation will enable the Licensee to:

1. include an MPAN (metering point administration number for electricity supply) and MPRN (meter point reference number for gas supply) on annual statements sent to domestic customers; and
2. provide a sheet of statement paper in the same envelope as the annual statement. The statement paper, described more fully below, will enable the Licensee to provide its domestic customers with additional useful (non-marketing) information.

The relevant Directions are attached and will be published. The Directions will remain in force, in accordance with their terms, on an enduring basis, unless revoked or varied in writing by the Authority. Any change in circumstances relevant to the Directions must be reported to the Authority as soon as possible.

This letter constitutes the Notice, under section 49A of the Electricity Act 1989 and section 38A of the Gas Act 1986, of the reasons for the Authority’s decision to issue the attached Directions.

Background to the Derogation Request

The Authority received a written application from the Licensee on 22 January 2016 for a derogation to exempt the Licensee from the requirement to comply with Standard Licence Condition (SLC) 31A.9 and Schedule 4 of Section B of SLC 31A to allow it to provide the MPAN and MPRN on the Annual Statement. The Licensee also requested a derogation to allow it to include a sheet of statement paper with information about how to access certain services, information and advice in relation to their gas/electricity supply in the same envelope as the Annual Statement for efficiency reasons.

Currently, SLC 31A.9 requires the Licensee to provide its domestic customers with an annual statement which must only contain specified information. Schedule 4 of Section B or SLC 31A

requires the Licensee to use the prescribed “Annual Statement Template”. In addition, SLC 31A.10(a) requires the Licensee to ensure that the annual statement is not combined with any other document, with the exception of documents referenced in SLC 31A.10(a).

The MPAN, MPRN and statement paper do not form part of the information that the Licensee is allowed by virtue of SLCs 31A.9, 31A.10(a) and Schedule 4 of Section B of SLC 31A to include in or to combine with the Annual Statement. Accordingly, without a derogation from these conditions the Licensee would not be able to add the MPAN/MPRN on the annual statement or to include the statement paper in the same envelope as the annual statement.

Currently, the Licensee can provide the MPAN and MPRN in the Optical Label which is allowed to be included in the annual statement. The Licensee commented in its application that not all customers use the Optical Label or have the ability and required technology to scan the Optical Labels to find the details of their MPAN and MPRN which they may need for switching suppliers or tariffs.

The Licensee particularly considers that customers with prepayment meters may be at a disadvantage if MPAN and MPRN are not provided in the annual statement. Communication with prepayment customers is mainly through the annual statement because these customers do not receive energy bills in the same way as standard credit and direct debit customers. As such, they need to access their MPAN and MPRN through other means including contacting their supplier to request the details which might act as a barrier to switching suppliers.

The Licensee also considers that by not receiving regular bills, prepayment customers are not provided with sufficient information about their gas or electricity supply – in particular, how to access certain services, information and advice. Given that 99% of the Licensee’s customers are on prepayment tariffs, the Licensee considers that its customers are disproportionately affected. To ensure that prepayment customers are provided sufficient information, the Licensee proposes to include useful standard information with the customer’s annual statement on a separate piece of statement paper. This will include contact details for the supplier, information on Citizens Advice and the Ombudsman, information on obtaining energy efficiency advice, actions for emergencies, actions to take if the customer has difficulty paying their bills and the priority service register.

The Authority’s Decision

Having regard to our principal objective and statutory duties,¹ and based on the information submitted by the Licensee, we consider that allowing the Licensee to include an MPAN/MPRN on the annual statement and to provide a piece of statement paper with the annual statement does not undermine the objectives of the Retail Market Review (RMR) reforms, in particular the objective of clearer information. Moreover it may be beneficial to consumers, especially those on prepayment tariffs, by helping them to engage in the market more easily.

The RMR rules were introduced to increase consumer engagement in order to stimulate competition in the energy market. In this case, we do not consider that the additional information provided to consumers will hamper the consumer decision-making process and the RMR objective of clearer information to help consumers make more informed choices. We consider that the additional information can have a beneficial impact on switching and competition.

As indicated in our prepayment review in June 2015, we are open to considering, among other things, factors that improve the engagement of prepayment customers and addressing stakeholder

¹ Including, amongst other things, our duty to protect consumer interests, promote competition and consider the need to contribute to the achievement of sustainable development.

concerns that prepayment customers are facing particular barriers when trying to access competitively-priced deals.² We are currently considering provisional remedies for the retail energy market proposed by the Competition and Markets Authority (CMA). This includes our recently published open letter on improving consumer communications and the value of trials in which we indicated that we are committed to ensuring that consumers have the information they need to fully engage with the market and to make well-informed decisions about their energy supply.³ Based on the results of the trials, we may be making significant changes in this area as part of our implementation of the CMA remedies and of our policy to rely more on principles.⁴

Therefore, the Authority grants the Licensee an enduring derogation from SLC 31A.9, Schedule 4 of Section B of SLC 31A and SLC 31A.10 of its gas and electricity supply licences to allow the Licensee to include the MPAN and MPRN on the annual statement and to include a piece of statement paper in the same envelope as its annual statement with effect from the date of, and subject to the terms of, the attached Directions.

If you have any questions about this request, please contact my colleague, Jibirila Leinyuy on 0203 263 9624.

Yours faithfully,

Neil Barnes
Associate Partner, Consumers & Competition

Signed on behalf of the Authority and authorised for that purpose.

² Ofgem prepayment review: understanding supplier charging practices and barriers to switching, 23 June 2015:
https://www.ofgem.gov.uk/sites/default/files/docs/2015/06/prepayment_report_june_2015_finalforpublication.pdf

³ Ofgem open letter, improving consumer communications and the value of trials
<https://www.ofgem.gov.uk/ofgem-publications/99381>

⁴ Ofgem consultation - The future of retail market regulation <https://www.ofgem.gov.uk/publications-and-updates/future-retail-market-regulation>

ATTACHMENT 1: Electricity Supply Licence

The Company Secretary
Utilita Energy Limited
Utilita House
Moorside Road
Winchester
Hampshire
SO23 7RX, UK

Direction issued to Utilita Energy Limited (company number 04849181, the “Licensee”) by the Gas and Electricity Markets Authority (the “Authority”)

1. The Authority issues this direction pursuant to Standard Licence Condition (“SLC”) 31A.15 of the electricity supply licence granted under section 6(1)(d) of the Electricity Act 1989 to the Licensee.
2. Capitalised terms used in this Direction which are not defined in this Direction shall have the meaning given to them in the Licence.
3. SLC 31A.15 provides that the Authority may issue directions relieving the Licensee of its obligations to comply with section B of SLC 31A to such extent and subject to such conditions as the Authority may direct.
4. The considerations and rationale of the Authority’s decision are set out in the accompanying letter to the Licensee, dated 01 June 2016.
5. The Authority directs that the Licensee is on an enduring basis permitted to include details of a Domestic Customer’s metering point administration number (MPAN) on Annual Statements, notwithstanding the general requirements in SLC 31A.9 and paragraph S4.1 of Schedule 4 to SLC 31A which limit the contents of Annual Statements to the prescribed information.
6. The Authority also directs that the Licensee is on an enduring basis permitted to include one Statement Paper (as defined below) in the same envelope as an Annual Statement which it provides to each of its Domestic Customers pursuant to SLC 31A, notwithstanding the general provision in SLC 31A.10.
7. The Licensee is required to report any change of circumstances relevant to this Direction to the Authority without delay.
8. For the purposes of this Direction, the term “**Statement Paper**” means a single sheet of paper no larger than standard A4 size which contains supplementary information to the Annual Statement about how the Domestic Customer can access certain services, information and advice related to the Domestic Customer’s electricity supply, including:
 - a. information about actions to take in certain circumstances, including emergencies or if a Domestic Customer is in payment difficulty or is moving home;
 - b. details about how Domestic Customers can access further information and advice about their electricity supply from the Licensee or a third party organisation, such as Citizen’s Advice;
 - c. information about how Domestic Customers can make or refer a complaint; and

d. other useful information for the Domestic Customer, provided that such information shall not contain marketing material.

9. This Direction shall take immediate effect on and from the date of this Direction and shall remain in force unless revoked earlier or varied in writing by the Authority.

Dated: 01 June 2016

Neil Barnes
Associate Partner, Retail Markets

Signed on behalf of the Authority and authorised for that purpose.

ATTACHMENT 2: Gas Supply Licence

The Company Secretary
Utilita Energy Limited
Utilita House
Moorside Road
Winchester
Hampshire
SO23 7RX, UK

Direction issued to Utilita Energy Limited (company number 04849181, the “Licensee”) by the Gas and Electricity Markets Authority (the “Authority”)

1. The Authority issues this direction pursuant to Standard Licence Condition (“SLC”) 31A.15 of the gas supply licence granted under section 7A(1) of the Gas Act 1986 to the Licensee.
2. Capitalised terms used in this Direction which are not defined in this Direction shall have the meaning given to them in the Licence.
3. SLC 31A.15 provides that the Authority may issue directions relieving the Licensee of its obligations to comply with section B of SLC 31A to such extent and subject to such conditions as the Authority may direct.
4. The considerations and rationale of the Authority’s decision are set out in the accompanying letter to the Licensee, dated 01 June 2016.
5. The Authority directs that the Licensee is on an enduring basis permitted to include details of a Domestic Customer’s meter point reference number (MPRN) on Annual Statements, notwithstanding the general requirements in SLC 31A.9 and paragraph S4.1 of Schedule 4 to SLC 31A which limit the contents of Annual Statements to the prescribed information.
6. The Authority also directs that the Licensee is on an enduring basis permitted to include one Statement Paper (as defined below) in the same envelope as an Annual Statement which it provides to each of its Domestic Customers pursuant to SLC 31A, notwithstanding the general provision in SLC 31A.10.
7. The Licensee is required to report any change of circumstances relevant to this Direction to the Authority without delay.
8. For the purposes of this Direction, the term “**Statement Paper**” means a single sheet of paper no larger than standard A4 size which contains supplementary information to the Annual Statement about how the Domestic Customer can access certain services, information and advice related to the Domestic Customer’s gas supply, including:
 - a. information about actions to take in certain circumstances, including emergencies or if a Domestic Customer is in payment difficulty or is moving home;
 - b. details about how Domestic Customers can access further information and advice about their gas supply from the Licensee or a third party organisation, such as Citizen’s Advice;
 - c. information about how Domestic Customers can make or refer a complaint; and
 - d. other useful information for the Domestic Customer,provided that such information shall not contain marketing material.

9. This Direction shall take immediate effect on and from the date of this Direction and shall remain in force unless revoked earlier or varied in writing by the Authority.

Dated: 01 June 2016

Neil Barnes
Associate Partner, Retail Markets

Signed on behalf of the Authority and authorised for that purpose.