



By email only

Laura Nell
Head of Smarter Metering
Ofgem
9 Milbank
London
SW1P 3GE

Maitrayee Bhowmick-Jewkes
Phone: 07468 715176
E-mail:
maitrayee.bhowmickjewkes@npower.com

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Dear Laura,

Statutory consultation: final proposals for DCC penalty interest rate

RWE welcomes the opportunity to respond to the above Ofgem consultation.

We are pleased that Ofgem has taken on board the arguments we made in our response to the previous consultation that the penalty interest rate should be visible and transparent and published with sufficient advance notice. This will minimise any additional cost burden on consumers. We also note that Ofgem will consult on future penalty interest rate directions alongside price control consultations and determinations and we will of course engage in that process in due course.

We agree, in principle, with the proposed revisions to the licence in respect of the penalty interest rate, as we believe that the concept behind making these changes is right. However, our support comes with the caveat that the DCC's performance is continually monitored to ensure that it does not over-recover 110% of allowed revenue in any regulatory year. This is needed to ensure that DCC's estimates are as accurate as possible, there is no over spending and the DCC is incentivised to behave in a way that has no negative impact on end consumers.

I hope our above comments are helpful. If you would like to discuss our response, please contact me.

Yours sincerely

Maitrayee Bhowmick-Jewkes
Regulation

RWE npower
2 Princes Way
Solihull
B91 3ES
T: 07468715176
I: www.npower.com

Registered office:
RWE Npower Group plc
Windmill Hill Business Park
Whitehill Way
Swindon
Wiltshire SN5 6PB