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By email: Dennis.Berg@ofgem.gov.uk

Dear Dennis

Statutory Consultations on the removal of certain RMR Simpler Tariff Choices rules

Thank you for the opportunity to comment on the proposed removal of certain elements of the simpler choices rules introduced by the Retail Market Review (RMR). We support Ofgem's decision to remove these restrictive rules on discounts, bundles and tariff structures. The removal of these rules will confirm that suppliers are able to offer innovative products, benefiting consumers through competition. We support Ofgem's proactive approach in responding to the CMA's findings that the simpler choices rules had an Adverse Effect on Competition (AEC) and then acting swiftly to deprioritise these rules before the CMA's Final Report and now launching a statutory consultation to permanently remove the rules.

This statutory consultation is limited to changes relating to SLC 22B. In terms of the objective of removing SLC 22B, we agree that Ofgem has successfully removed references to this licence condition. We have identified some additional minor drafting changes that should be made as part of this statutory consultation to ensure Ofgem completely achieves its objective. These additional changes are listed in Appendix 1 of this response. We are aware that further changes, including consequential changes to information remedies such as the Tariff Comparison Rate (TCR), are proposed in a concurrent policy consultation¹. We will respond separately to that consultation.

To provide regulatory certainty, Ofgem should do all that it can to provide clarity and certainty about how the licence conditions will change over the coming months. We are aware that Ofgem are considering:

- Removing some of the prescriptive information remedies, such as the Tariff Comparison Rate (TCR)
- Introducing new principles for comparability and sales and marketing
- Introducing a new "broad" principle for vulnerability
- Removing guidance that is no longer applicable
- Amending guidance as prescriptive rules are changed

¹"Helping consumers making informed choices – proposed changes to rules around tariff comparability and marketing"
https://www.ofgem.gov.uk/system/files/docs/2016/08/proposed_changes_to_rmr_clearer_and_sales_and_marketing_licence_conditions_august_2016.pdf

We therefore encourage Ofgem to provide:

- a) A fully up-to-date version of the gas and electricity Supply Licence Conditions on the Ofgem website
- b) A publicly available record of the rules and guidance that have been removed, added or amended
- c) A short summary of the reasons for the changes
- d) The date the changes took effect

Such an approach will provide clarity to suppliers about the scope and timing of the changes that Ofgem is making to the licence conditions.

Centrica possesses two active derogations from elements of SLC 22B. We ask Ofgem to confirm that the removal of SLC 22B will result in the following derogations no longer being required:

- i) Request for derogation to offer a standing charge rebate to vulnerable gas customers [granted 23rd January 2015]
- ii) Request for derogation from SLC 22B.2(b)(i) [granted 30th November 2015]

We agree with Ofgem's decision to remove the 2013 guidance on switching sites offering cashback. This guidance is no longer required now that suppliers can offer cashback. Another example of guidance that requires updating is the collective switching guidance² published in October 2015, which should reflect the removal of SLC 22B that enables supplier to offer certain tariffs exclusively to new customers. We propose amendments to the current guidance in Appendix 2. Ofgem may wish to consider whether the collective switching guidance is still required once the definition of a "collective switching scheme" and "collective switching tariff" are removed from SLC 22B.38.

Ofgem should review all guidance impacted by changes to the rulebook as part of the implementation of CMA remedies, including consequential effects, and its Future of Retail Regulation programme and provide a comprehensive view of which guidance is being reviewed. Ofgem reviewing the guidance holistically would reduce the risk of supplier confusion about which guidance applies and which does not.

If you have any questions about this response, please contact me by emailing Thomas.Lowe@centrica.com or calling 07769 548 906.

Yours sincerely

Thomas Lowe

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² Inclusion of collective switch tariffs in the Cheapest Tariff Message
https://www.ofgem.gov.uk/sites/default/files/docs/2015/10/inclusion_of_collective_switch_tariffs_in_the_ctm_0.pdf

Appendix 1: Comments on the removal of certain RMR Simpler Tariff Choices rules

Annex 1: Proposed changes to the Standard conditions of gas supply licence

Licence condition	Current drafting	Change proposed
Definition of Opt-out Reward Points Discount	"...that are, offered as part of or in any way linked to a Tariff..."	Addition of comma between "of" and "or": "...that are, offered as part of, or in any way linked to a Tariff..."
Definition of Tied Bundle	"...is offered as part of or which is in any..."	Addition of comma between "of" and "or": "...is offered as part of, or which is in any..."
Definitions of Tariff Name, Relevant Bundles and Tied Bundle	NA	The definitions should be in alphabetical order.
Definition of Relevant Bundles	Definition currently refers to "Relevant Bundles"	Amend to "Relevant Bundles" as this definition is only used in the singular form
Definition of Time of Use Rates	Part (b) states that: "the Charges for the Supply of Electricity do not include any other Unit Rate or Unit Rates;	Part (b) of this definition is no longer required following the removal of 22A.3 and tariff structures. Propose deletion of part (b): (b) the Charges for the Supply of Electricity do not include any other Unit Rate or Unit Rates;
Definition of White Label Tariff parts (a) and (b)	"offered by virtue of an Gas Supply Licence..." "...person that does not hold an Gas Supply..."	Replace "an" with "a" as follows: "offered by virtue of a Gas Supply Licence..." and "...person that does not hold a Gas Supply..."
Holding Company	The term "Holding Company" is not defined in the current gas supply licence conditions. It is defined in the Electricity Supply Licence.	Add Electricity Supply Licence definition of Holding Company to Gas Supply Licence: "means a holding company within the meaning of sections 1159 and 1160 of the Companies Act 2006"
Condition 22A. Unit Rate, Standing Charge and Tariff Name requirements	The current title of Condition 22A is "Unit Rate and Standing Charge requirements" Ofgem proposes to amend the title to	If the title changes, it should be reflected in the contents page for the licence conditions.

	"Condition 22A. Unit Rate, and Standing Charge and Tariff Name requirements"	
SLC 22A.2(a)(i), SLC 22A.2(a)(ii) and SLC 22A.2(b)(i).	<p>Ofgem proposes to amend to:</p> <p>"In respect of supplying gas to a Domestic Customer under a Deemed Contract or Domestic Supply Contract, the licensee must ensure that all Charges for Supply Activities are incorporated within:</p> <p>(a) where the Domestic Supply Contract or Deemed Contract is for a Non-Time of Use Tariff:</p> <p>(i) a single one or more Standing Charge(s); and/or</p> <p>(ii) a single one or more Unit Rate(s); and</p> <p>(b) where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff:</p> <p>(i) a single one or more Standing Charge(s); and/or</p> <p>(ii) Time of Use Rates."</p>	<p>The references to "one or more" should be changed to "zero or more" to ensure that suppliers are able to offer a standing charge only product, a unit rate only product or any other type of tariff structure.</p> <p>"In respect of supplying gas to a Domestic Customer under a Deemed Contract or Domestic Supply Contract, the licensee must ensure that all Charges for Supply Activities are incorporated within:</p> <p>(a) where the Domestic Supply Contract or Deemed Contract is for a Non-Time of Use Tariff:</p> <p>(i) a single zero one or more Standing Charge(s); and/or</p> <p>(ii) a single zero one or more Unit Rate(s); and</p> <p>(b) where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff:</p> <p>(i) a single zero one or more Standing Charge(s); and/or</p> <p>(ii) Time of Use Rates."</p>
SLC 23A.2 (d)	"(d) in respect of a mutual variation which would increase the Charges for the Supply of Electricity or which would in any way be to the disadvantage of the Domestic Customer, in response to the Notice given by the licensee in accordance with sub-paragraph 23A.2(b), the Domestic Customer has contacted the licensee in Writing or by any other means and has expressly agreed to the mutual variation as part of that contact;"	<p>A full stop is required at the end of the paragraph to reflect this is the last part of clause:</p> <p>"(d) in respect of a mutual variation which would increase the Charges for the Supply of Electricity or which would in any way be to the disadvantage of the Domestic Customer, in response to the Notice given by the licensee in accordance with sub-paragraph 23A.2(b), the Domestic Customer has contacted the licensee in Writing or by any other means and has expressly agreed to the mutual variation as part of that contact."</p>
SLC 25A		The contents page should say "Not used" as well as the title to make it easier to use the licence conditions.

Annex 2: Proposed changes to the Standard conditions of electricity supply licence

Licence condition	Current drafting	Change proposed
Definition of Opt-out Reward Points Discount	"...that are, offered as part of or in any way linked to a Tariff..."	Addition of comma between "of" and "or": "...that are, offered as part of, or in any way linked to a Tariff..."
Definition of Tied Bundle	"...is offered as part of or which is in any..."	Addition of comma between "of" and "or": "...is offered as part of, or which is in any..."
Definitions of Tariff Name, Relevant Bundles and Tied Bundle	NA	The definitions should be in alphabetical order.
Definition of Relevant Bundles	Definition currently refers to "Relevant Bundles"	Amend to "Relevant Bundle s " as this definition is only used in the singular form
Definition of Time of Use Rates	Part (b) states that: "the Charges for the Supply of Electricity do not include any other Unit Rate or Unit Rates;	Part (b) of this definition is no longer required following the removal of 22A.3 and tariff structures. Propose deletion of part (b): (b) the Charges for the Supply of Electricity do not include any other Unit Rate or Unit Rates;
Definition of Time of Use Tariff	Licence condition definition currently "means a Tariff whereby the Charges for the Supply of Electricity include two or more Unit Rates in circumstances where no more than one Unit Rate applies to any given period of time and no Unit Rates vary by the level of consumption" Ofgem proposes to change definition as follows: " (b) means a Tariff whereby the Charges for the Supply of Electricity include two or more Unit Rates in circumstances"	There is no need to strike out the (b) as this is not in the definition.
Definition of White Label Tariff parts (a) and (b)	"offered by virtue of an Gas Supply Licence..." "...person that does not hold an Gas Supply..."	Replace "an" with "a" as follows: "offered by virtue of a n Gas Supply Licence..." and

		“...person that does not hold a an Gas Supply...”
Condition 22A. Unit Rate, Standing Charge and Tariff Name requirements	<p>The current title of Condition 22A is “Unit Rate and Standing Charge requirements”</p> <p>Ofgem proposes to amend the title to</p> <p>“Condition 22A. Unit Rate, and Standing Charge and Tariff Name requirements”</p>	If the title changes, it should be reflected in the contents page for the licence conditions.
SLC 22A.2(a)(i), SLC 22A.2(a)(ii) and SLC 22A.2(b)(i).	<p>Ofgem proposes to amend to:</p> <p>“In respect of supplying electricity to a Domestic Customer under a Deemed Contract or Domestic Supply Contract, the licensee must ensure that all Charges for Supply Activities are incorporated within:</p> <p>(a) where the Domestic Supply Contract or Deemed Contract is for a Non-Time of Use Tariff:</p> <p>(i) a single one or more Standing Charge(s); and/or</p> <p>(ii) a single one or more Unit Rate(s); and</p> <p>(b) where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff:</p> <p>(i) a single one or more Standing Charge(s); and/or</p> <p>(ii) Time of Use Rates.”</p>	<p>The references to “one or more” should be changed to “zero or more” to ensure that suppliers are able to offer a standing charge only product, a unit rate only product or any other type of tariff structure.</p> <p>“In respect of supplying electricity to a Domestic Customer under a Deemed Contract or Domestic Supply Contract, the licensee must ensure that all Charges for Supply Activities are incorporated within:</p> <p>(a) where the Domestic Supply Contract or Deemed Contract is for a Non-Time of Use Tariff:</p> <p>(i) a single zero one or more Standing Charge(s); and/or</p> <p>(ii) a single zero one or more Unit Rate(s); and</p> <p>(b) where the Domestic Supply Contract or Deemed Contract is for a Time of Use Tariff:</p> <p>(i) a single zero one or more Standing Charge(s); and/or</p> <p>(ii) Time of Use Rates.”</p>
SLC 23A.2 (d)	“(d) in respect of a mutual variation which would increase the Charges for the Supply of Electricity or which would in any way be to the disadvantage of the Domestic Customer, in response to the Notice given by the licensee in accordance with sub-paragraph 23A.2(b), the Domestic Customer has contacted the licensee in Writing	<p>A full stop is required at the end of the paragraph to reflect this is the last part of clause:</p> <p>“(d) in respect of a mutual variation which would increase the Charges for the Supply of Electricity or which would in any way be to the disadvantage of the Domestic Customer, in response to the Notice given by the licensee in accordance</p>

	or by any other means and has expressly agreed to the mutual variation as part of that contact;"	with sub-paragraph 23A.2(b), the Domestic Customer has contacted the licensee in Writing or by any other means and has expressly agreed to the mutual variation as part of that contact."
SLC 25A		The contents page should say "Not used" as well as the title to make it easier to use the licence conditions.

Appendix 2: Comments on the collective switching guidance

Ofgem's changes to SLC 22B will remove the requirement for tariffs to be available to new and existing customers. The collective switching guidance published in October 2015 should be updated to reflect the fact that suppliers may participate in collective switches with tariffs that are only available to new customers.

Current wording	Change proposed
"Moreover, the licence specifically requires suppliers to include all tariffs, including collective switch tariffs, in the CTM if they are available to customers. Accordingly, if a collective switch tariff remains open to customers after the winning supplier has been chosen, then such a tariff must be included in the CTM on all communications for the duration that the tariff in question is available"	"Moreover, the licence specifically requires suppliers to include all tariffs, including collective switch tariffs, in the CTM if they are available to customers. Accordingly, if a collective switch tariff is made or becomes available subsequently to the supplier's existing and any new customers after the winning supplier has been chosen, then such a tariff must be included in the CTM on all communications for the duration that the tariff in question is available"