

Dennis Berg
Consumers and Competition
Ofgem
107 West Regent Street
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16 September 2016

Dear Dennis,

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

We are pleased to respond to Ofgem's Statutory Consultation setting out its proposals to remove a number of the 'Simpler Tariff Choices' rules that were introduced following the Retail Market Review.

We support Ofgem's proposal to remove SLC 22B and elements of SLC 22A, and to make a number of consequential Licence Condition amendments; this proposal is an important step in addressing those elements of the RMR Tariff rules which impact suppliers' ability to compete through the use of innovative tariffs and customer incentives, following the CMA's recommendation in this area. As Ofgem's principles based approach develops, we believe that further simplification will be both possible and desirable.

We have provided some minor comments on the draft Licence modifications in Annex 1.

Interactions with 'Clearer Information' Licence Conditions

Similarly to Ofgem, we are conscious that the RMR Licence Conditions were introduced as a package and therefore a number of Licence Conditions are inter-linked, even if not directly. We are also mindful of the fact that Ofgem is consulting separately on a number of Licence Condition changes designed to remove further prescription within the Licence and aid customers in making informed choices. The result of this is that the Information Remedies, as currently written, may not work for certain types of innovative tariffs.

We understand from Ofgem's open letter¹ that this is intended to be a temporary issue and Ofgem is prepared to allow suppliers to adapt their approach in such cases, having regard to the objective of enabling consumers to understand new tariffs and make informed decisions. However, it is important that progress in this area is kept under review. If problems arise, as a result of suppliers failing to follow the spirit of the rules, that impact competition, then Ofgem should be prepared to intervene.

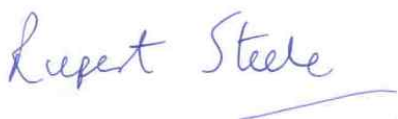
¹ CMA provisional remedies; removal of certain RMR 'simpler choices' rules, Ofgem, 14 April 2016

Amendments to existing guidance documents and related issues

Finally, we note Ofgem's proposal to review and amend or remove existing guidance as appropriate in light of the Future of Retail Regulation work. We understand that this work is ongoing and, while we have not at this stage identified any other guidance for review, we would expect that suppliers will have the opportunity to comment as and when relevant guidance is amended. We would suggest that Ofgem may also wish to consider reviewing its monitoring and evaluation framework² in light of the CMA recommendations. Separately, a number of existing Licence Conditions will retain a general provision requiring suppliers to take account of any guidance in compliance with the condition and we would recommend that Ofgem consider how this approach works in light of the move to principles-based regulation.

We would be pleased to discuss our thoughts on all these matters with you in further detail.

Yours sincerely,



Rupert Steele
Director of Regulation

² Domestic Retail Market Review Evaluation – a proposed way forward, Ofgem, 31 January 2014

**STATUTORY CONSULTATION ON THE REMOVAL OF CERTAIN RMR SIMPLER TARIFF CHOICES RULES: DRAFT LICENCE
CONDITIONS
SCOTTISHPOWER COMMENTS**

Reference	Suggested Amendment	Rationale
SLC 1 – Definition of Energy Discount	Amend the definition of Energy Discount as follows: means a Discount which is a monetary amount of a precise financial value and which is applied directly to a Unit Rate (or, where a Tariff has more than one Unit Rate, Unit Rates) or a Standing Charge (or, where a Tariff has more than one Standing Charge, Standing Charges)	To recognise that, following the removal of the simpler tariff requirements, tariffs may include more than one Unit Rate and / or Standing Charge and therefore discounts may be applied across one or more such rates.
SLC 1 – Definition of Standing Charge	Amend the definition of Standing Charge as follows: means a monetary amount (or amounts) (which may be zero) that is continuously chargeable to a Customer on a daily basis and which is chargeable in addition to charges arising on the basis of a Unit Rate(s);	As there will no longer be a requirement for all tariffs to have a Standing Charge element, it is no longer necessary for the definition of 'Standing Charge' to specify that the monetary amount may be zero. We would also suggest that Ofgem remove requirements for Standing Charges to be continuously chargeable on a daily basis, to allow for tariff structures that may employ a more innovative use of Standing Charges, for example a tariff that has no Standing Charge at weekends.
SLC 1 – Definition of Time of Use Rates	We suggest deleting sub-paragraph (b) in the Definition of Time of Use Rates	We note that similar provisions relating to Time of Use rates have been removed from SLC 22A.3 and we understand that it is not Ofgem's intention to restrict suppliers' flexibility to offer more than one Unit Rate in addition to Time of Use Rates. We therefore suggest deletion of this paragraph, to ensure parity with SLC 22A.3.

Reference	Suggested Amendment	Rationale
Paragraph 22E.5(a)	Amend paragraph (a) as follows: Replacing information relating to Unit Rates and a Standing Charges with information about the Charges for the Supply of Electricity which apply to the Unmetered Supply Arrangement	This paragraph still makes reference to the requirement for tariffs to have a single Unit Rate and Standing Charge structure. For completeness, we would suggest tweaking the drafting to envision alternative tariff structures.
Paragraph 22F.9(a)	We suggest deleting this paragraph so that 22F.9 reads as follows: In respect of a Bespoke Heating System Arrangement which involves the use of more than one Standing Charge, ÷ (a) the references to the word “Standing Charge” in the definition of “Relevant Standing Charge” are to be read as “Standing Charges”; (b) any requirement in a standard condition to use, provide or display information in respect of a Standing Charge is to be read as a requirement to use, provide or display (as the case may be) information in respect of all of the Standing Charges that apply along with information specifying what each Standing Charge applies to.	Following the amendments to SLC 22A.3(c), it should be clear that references to ‘Standing Charge’ in the definition of ‘Relevant Standing Charges’ should be read as ‘Standing Charges’ where more than one Standing Charge exists. Therefore paragraph 22F.6(a) should be redundant. If this is not the case, Ofgem should consider how to clarify this more generally within the Licence.
Paragraph 23A.2(c)	We suggest inserting the word “and” after the end of paragraph 23A.2(c)	This is the natural consequence of the removal of paragraphs 23A.2(e) and 23A.2(f), to complete the list of requirements in paragraph 23A.2.