



Making a positive difference
for energy consumers

The Company Secretary
Economy Energy Trading Limited
10th Floor, Friars House
Manor House Drive
Coventry
CV1 2TE

Date: 16 March 2017

Dear Sir/Madam,

Prepayment charge restriction: Directions for alternative compliance assessment

This letter sets out the decision of the Gas and Electricity Markets Authority (the “Authority”; “we”; “our”) to issue Economy Energy Trading Limited (company number 7513319; the “Licensee”) temporary directions pursuant to standard licence condition (“SLC”) 28A.21 and SLC 28A.22 of its electricity supply licence and SLC 28A.19 and SLC 28A.20 of its gas supply licence.

The directions are attached to this letter and will be published on our website. They are effective from 1 April 2017 until their applicable expiry date (in respect of the relevant gas tariff: 31 July 2017 ; in respect of the relevant electricity tariff: 30 September 2017), unless revoked earlier 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. Capitalised terms used in this letter, which are not defined herein, have the meaning given to them in the standard licence conditions of gas and electricity supply licences.

Background to the direction request

The Authority received a written application from the Licensee on 27 February 2017 for directions concerning the compliance of two Prepayment Tariffs (one gas, one electricity) with the Prepayment Charge Restriction. The relevant Tariffs are Closed Fixed Term Tariffs, which shall cease to apply to any Domestic Supply Contract by the dates specified in the attached directions. Both Tariffs have a single Unit Rate and no Standing Charge. The structure of the Tariffs is such that the Charges for Supply Activities at certain consumption levels would exceed the Relevant Maximum Charge.

The Authority’s Decision

Based on the information provided by the Licensee, and having regard to our principle objective and statutory duties, we have decided to issue the requested directions on a temporary basis for the following reasons:

The Office of Gas and Electricity Markets

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- As the relevant fixed-term Tariffs are closed to new Domestic Customers, the requested derogations are only required for a limited period. It is not anticipated that similar derogations will be issued beyond the first Charge Restriction Period.
- A significant proportion of customers on such legacy Tariffs are expected to have a consumption level below that which would cause them to incur Charges for Supply Activities in excess of the Relevant Maximum Charge. Where it is the case that the Licensee determines at the end of the Charge Restriction period that any relevant customer has incurred Charges for Supply Activities in excess of the Relevant Maximum Charge, it must, *inter alia*, pay a rebate to, or credit the account of, each such Relevant Customer in accordance with SLC 28A.
- The Authority considers that, taking into account the circumstances above, allowing the Licensee to preserve such fixed-term contracts for existing customers for a limited period until their expiry is preferable to requiring their immediate termination in April.

Yours faithfully,

Anthony Pygram

Partner, Consumers and Competition

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

ATTACHMENT 1: Electricity Supply Licence

The Company Secretary
Economy Energy Trading Limited
10th Floor, Friars House
Manor House Drive
Coventry
CV1 2TE

Direction issued to Economy Energy Trading Limited (company number 7513319; the "Licensee") by the Gas and Electricity Markets Authority (the "Authority")

1. The Authority issues this temporary direction pursuant to Standard Licence Condition ("SLC") 28A.21 and SLC 28A.22 of the electricity supply licence granted under section 6(1)(d) of the Electricity Act 1989 to the Licensee in respect of the Licensee's electricity Prepayment Tariff named "Value (Pay As You Go)", which is a Closed Fixed Term Tariff with a zero-level Standing Charge (the "Relevant Tariff"), subject to the following terms.
2. Capitalised terms used in this Direction which are not defined in this Direction shall have the meaning given to them in the standard conditions of electricity supply licences.
3. The Authority directs that the compliance provisions of SLC 28A.22 shall apply in respect of the Relevant Tariff instead of the *ex ante* compliance mechanism described in SLC 28A.2. Accordingly, the notification and rebate requirements of SLC 28A.22 which shall apply in respect of the Relevant Tariff in the event that the Licensee determines that any Relevant Customer on the Relevant Tariff has incurred Charges for Supply Activities in excess of the Relevant Maximum Charge.
4. The considerations and rationale of the Authority's decision are set out in the accompanying letter to the Licensee, dated 16 March 2017.
5. The Licensee is required to report any change of circumstances relevant to this direction to the Authority without delay.
6. This Direction shall be effective from 1 April 2017 and shall remain in force until and including 31 August 2017, unless revoked earlier or varied in writing by the Authority.

Dated: 16 March 2017

Anthony Pygram
Partner, Consumers and Competition
Signed on behalf of the Authority and authorised for that purpose.

The Office of Gas and Electricity Markets

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ATTACHMENT 2: Gas Supply Licence

The Company Secretary
Economy Energy Trading Limited
10th Floor, Friars House
Manor House Drive
Coventry
CV1 2TE

Direction issued to Economy Energy Trading Limited (company number 7513319; the "Licensee") by the Gas and Electricity Markets Authority (the "Authority")

1. The Authority issues this temporary direction pursuant to Standard Licence Condition ("SLC") 28A.19 and SLC 28A.20 of the gas supply licence granted under section 7A(1) of the Gas Act 1986 to the Licensee in respect of the Licensee's gas Prepayment Tariff named "Value (Pay As You Go)", which is a Closed Fixed Term Tariff with a zero-level Standing Charge (the "Relevant Tariff"), subject to the following terms.
2. Capitalised terms used in this Direction which are not defined in this Direction shall have the meaning given to them in the standard conditions of gas supply licences.
3. The Authority directs that the compliance provisions of SLC 28A.20 shall apply in respect of the Relevant Tariff instead of the *ex ante* compliance mechanism described in SLC 28A.2. Accordingly, the notification and rebate requirements of SLC 28A.20 shall apply in respect of the Relevant Tariff in the event that the Licensee determines that any Relevant Customer on the Relevant Tariff has incurred Charges for Supply Activities in excess of the Relevant Maximum Charge.
4. The considerations and rationale of the Authority's decision are set out in the accompanying letter to the Licensee, dated 16 March 2017.
5. The Licensee is required to report any change of circumstances relevant to this direction to the Authority without delay.
6. This Direction shall be effective from 1 April 2017 and shall remain in force until and including 31 July 2017, unless revoked earlier or varied in writing by the Authority.

Dated: 16 March 2017

Anthony Pygram
Partner, Consumers and Competition
Signed on behalf of the Authority and authorised for that purpose.

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