



Making a positive difference
for energy consumers

To: All holders of a gas and/or electricity supply licence

6 November 2018

Statement in writing to terminate SLC 28AA of the standard conditions of all gas and electricity supply licences

Dear Colleague,

Background

On 7 December 2017, Ofgem decided to modify the standard conditions of the electricity and gas supply licences by inserting new standard licence condition 28AA to regulate charges for domestic customers who receive the Warm Home Discount (WHD).

The main effect of this change was to extend the scope of the existing prepayment meter (PPM) cap to protect around one million consumers who receive WHD, who are also on their supplier's default tariff. These protections entered into effect on and from 2 February 2018.

According to SLC 28AA.17 the WHD safeguard tariff will end in December 2019 unless the Authority specifies an earlier date by publishing a statement in writing.

From the outset, it was our policy intention to terminate the WHD safeguard tariff licence condition when an alternative price protection measure was implemented.

We issued a statutory consultation on 6 September 2018 which outlined our proposals for a default tariff cap for standard variable and default tariff consumers, pursuant to the Domestic Gas and Electricity (Tariff Cap) Act 2018. We proposed that this would replace the WHD safeguard tariff if and when it was introduced.

On 6 November 2018 we published our decision to implement the default tariff cap which will come into effect on 1 January 2019.

Decision

We have therefore decided to terminate SLC 28AA at an earlier date than 31 December 2019, in accordance with SLC 28AA.17.

By publishing this statement in writing we specify this earlier date to terminate the WHD safeguard tariff and termination of SLC 28AA to have effect on and from 23:59 on 31 December 2018, which is immediately before the default tariff cap takes effect.

If you wish to discuss any of the issues raised in this statement or any related matters, please email Retailpriceregulation@ofgem.gov.uk.

Yours faithfully,

Rob Salter-Church
Director, Retail Systems Transformation