



E.ON's response to the Final Consultation on the Energy Market (Prepayment Charge Restriction) Order 2016 – 11 November 2016

1. E.ON appreciates the amendments made by the Competition and Markets Authority (the "**CMA**") following our response to the Initial Consultation on the Energy Market (Prepayment Charge Restriction) Order 2016 ("**the Order**"). The following response is without prejudice to comments we have already submitted regarding this remedy. The detailed comments set out below will make clear whether they relate to the electricity ("**E**") or gas ("**G**") draft standard licence conditions ("**SLCs**").
2. Now that more time has passed, we have had the opportunity to assess the implementation requirements of the Order and continue to have concerns regarding the time available between the publication of the Benchmark Maximum Charges and the start of the Charge Restriction Period ("**CRP**"). We appreciate that the window for the Authority to publish the Maximum Charges has been reduced following the Initial Consultation but urge the CMA and the Authority to consider the practicability of the existing obligations on suppliers under SLC 23.4. We would appreciate recognition of this and for a relaxation of notice period and/or prescribed information within the notice to be considered.
3. We request that the CMA reconsiders the practicability of the timeframes proposed regarding the Compliance Statement to be issued pursuant to Article 5.1 of the Order. We believe 30 days is unreasonable to allow for assessment and relevant analysis to be completed to ensure a complete and accurate statement to be made. We suggest that a minimum of 45 days would be more appropriate.
4. We suggest a mechanism to formally request a review of the headroom and/or policy costs whilst the Order is effective. An example we have identified that may require the use of this is the potential for Energy Intensive Industries ("**EIIs**") to be exempted from costs within the Renewables Obligation and Contracts for Difference schemes, which are a major component of policy costs. This change, if implemented in the expected fashion, would not affect the policy cost index but a heavier load would in fact be placed on Residential customers in future.
5. We appreciate that the conditions SLCs 28A.10 E and 28A.8 G now provide for a consultation prior to the use of alternative data sources but believe a gap still remains with respect to the selection and use of successor data sources without consultation.
6. It is difficult to envisage a scenario whereby any unavailability of the data sources is not known before the publication windows in accordance with SLCs 28A.16 E and 28A.14 G save for a technical issue. We therefore believe that SLCs 28A.10 E and 28A.8 G are sufficient for this purpose rendering SLCs 28A.18 E and 28A.16



G unnecessary. Should the CMA decide that the additional conditions are required then we would welcome further controls to mitigate impacts of alternative sources being selected without consultation or prior notice.

7. We hope that SLCs 28A.19 E and 28A.16 G would not require use but appreciate that technical issues occur from time to time. We would encourage that the CMA updates these conditions to compel the Authority to formally notify suppliers upon becoming aware of an issue. We request that the CMA also publishes guidance or provisions that detail how the impacts of such an occurrence would be managed. As per our comments in paragraph 2 above, we would have concerns regarding any reduction whatsoever in the time between the publication of the Benchmark Maximum Values and the date on which the CRP takes effect.
8. We note that SLC 28A.26(b) E makes reference to 'historic data relating to two consecutive Charge Restriction Periods' which is not consistent with paragraph 58 of the Explanatory Note. We urge the CMA to remove this reference and reflect only that adequate historic data is not available. We request this to avoid adverse effect that all Multi-Register Prepayment Tariff Assumed Consumption Splits would be forecast pursuant to 28A.26(b) for the first two CRPs.
9. Given the three month provision within SLC 28A.26(b)(ii) E and the 30 day provision within Article 5.1 of the Order, we suggest that the Template Prepayment Charge Restriction Compliance Statement should include a standard exclusion of SLC 28A.26(b)(ii) E.