



David Fowlis
Project Manager
Competition and Markets Authority

18 November 2016

Sent by email only to: david.fowlis@cma.gsi.gov.uk and energymarket@cma.gsi.gov.uk

Dear David,

Second Consultation on the Energy Market Investigation (Restricted Meters) Order 2016

Thank you for your email dated 18 October 2016 asking Centrica to provide written representations on the second Draft Order and Draft Explanatory Note on Restricted Meters.

As flagged in our response¹ to the first consultation, we are currently investigating the changes that would be required in our billing systems to offer single rate variants of tariffs on all types of multi-rate meters and whether that will be achievable by the proposed deadline of April 2017.

To fully identify all changes that will be required to offer single rate tariff variants to customers with meter types that we do not currently have in our own portfolio (should any exist), we require a comprehensive list of all potential types of Relevant Restricted Metering Infrastructure in the UK. We understand Energy UK plans to coordinate this across the industry. Once this information is available, we will be able to investigate whether we may require a derogation for technical reasons (as provisioned for by proposed licence condition 3).

We are also currently investigating whether we are able to add the Specified Information² to each Relevant RMI Customer's Bill by the implementation deadline of April 2017.

We have used Appendix 1 to comment on the proposed drafting within the Undertakings but would like to draw your attention to our concern around the definition of "Relevant Tariff".³

¹ Submitted 29 September 2016

² Specified Information means (a) a statement that the Relevant RMI Customer is able to change their electricity supplier or change to a Relevant Tariff without having to change, nor incurring any costs or any other financial charge associated with replacing, their Electricity Meter; and (b) contact details for the Relevant Citizens Advice Body.

³ Section 3.1 of the Draft Order and Condition 1 of the Amendment to the Electricity Supply Licence state that we must make "all Relevant Tariffs" available. "Relevant Tariff" has been defined as "each tariff which continues to be capable of being entered into by any Single-Rate Customer for the supply of electricity from the Retail Electricity Supplier based on the Single-Rate Customer's Region subject to the Tariff's non-meter related terms and conditions."

Whilst we are pleased to note that “Relevant Tariff” has been redefined to capture situations where tariff specific eligibility requirements will still apply⁴, “non-meter related” would not be sufficient to exclude smart only tariffs or prepay/credit only tariffs from the definition. This should therefore be amended in keeping with Explanatory Note 27 which states that access should be subject to any other eligibility criteria that a single rate customer would have to comply with.

We hope this response is useful and would be happy to discuss it in more detail with you.

Yours sincerely

Tim Dewhurst
Head of Regulatory Affairs, Centrica (UK & Ireland)

⁴ For example, dual fuel or Online Account Management only tariffs will not be available unless the customer also meets those requirements

APPENDIX 1 – Legal comments on the Draft Undertakings

<p>Definition of Smart Metering Infrastructure</p>	<p>Is limb (b) designed to cover pre-SMETS smart meters in the same way as the definition of Advanced Domestic Meter in the SLCs or is this covering something else?</p>
<p>Part 2, section 3.1 and 3.2 of Draft Order, Condition 1 and 2 of Draft SLC and definitions of Relevant Tariff etc.</p>	<p>Centrica believes that the that amendment to the definition of Relevant Tariff to make it subject to “non-meter related” terms and conditions would not be sufficient to exclude smart only tariffs or prepay/credit only tariffs from the definition. This should be amended in keeping with Explanatory Note 27 which states that access should be subject to any other eligibility criteria that a single rate customer would have to comply with. We appreciate that the definition also needs to ensure that tariff terms and conditions do not simply exclude Relevant RMI Customers.</p> <p>We’d suggest the definition is changed as follows:</p> <p><u>Order</u> “Relevant Tariff means a Tariff which continues to be capable of being entered into by a Single-Rate Customer in the same Region as the Relevant RMI Customer for the supply of electricity from a Retail Electricity Supplier, provided that a Tariff shall only be a Relevant Tariff in respect of an individual Relevant RMI Customer where that Relevant RMI Customer meets all the terms, conditions and requirements of the Tariff that do not relate to Relevant Restricted Metering Infrastructure.”</p> <p><u>Draft SLC</u> “Relevant Tariff means a Tariff which continues to be capable of being entered into by a Single-Rate Customer in the same Region as the Relevant RMI Customer for the supply of electricity from the supplier, provided that a Tariff shall only be a Relevant Tariff in respect of an individual Relevant RMI Customer where that Relevant RMI Customer meets all the terms, conditions and requirements of the Tariff that do not relate to Relevant Restricted Metering Infrastructure.”</p>
<p>Part 3, section 4.1 of Draft Order and Condition 6 of Draft SLC</p> <p>“The licensee must provide the Specified Information to each Relevant RMI Customer in each Relevant RMI Customer’s Bill, or other regular written correspondence with the Relevant RMI Customer, in a manner designed to promote positive engagement (which may be specified by the Authority).”</p>	<p>We’d request this definition is changed to reflect that specifications should be reasonable. For example, “...which may be specified by the Authority, acting reasonably and having due regard to space constraints on the bill and timescales for implementation of changes to the bill.”</p>

<p>Part 3, section 4.3 of Order, Condition 8 of the Draft SLC and Paragraph 46 of Explanatory Note</p>	<p>We'd request further explanation in the Order and the draft SLC of the types of information that can be requested. Per Explanatory Note 46, this is expected to be restricted to factual, non-customer specific information on the infrastructure we support, tariffs, operating hours of specific registers etc. - i.e. this is not an obligation to provide RMI Customer Information for a specific customer to Citizens Advice.</p> <p>In respect of having to provide information in the format specified by the Relevant Citizens Advice Body, this should also be "reasonably specified" - i.e. effort in complying with format has to be proportionate with benefit.</p> <p>We'd suggest that draft SLC 4.2 (Order) and 7 (Condition) should be restricted to RMI Customers supplied by the licensee.</p>
<p>Paragraph 31 of the Explanatory Note</p>	<p>This appears to suggest that where a customer rolls off a single rate fixed term tariff, there is an obligation to put the customer onto a single rate tariff if the supplier does not have a RMI compatible tariff and to decide which tariff would be "appropriate" for that customer if the supplier does have a compatible tariff.</p> <p>Please clarify how suppliers are expected to make this decision. Is this intended to take precedence over SLC 22C and the obligation to move the customer to the Relevant Cheapest Evergreen Tariff or apply that obligation? Consideration should be given as to whether an amendment to the SLC definition of Relevant Cheapest Evergreen Tariff in relation to current Relevant Meter Type is required.</p>
<p>Draft Order and Draft Amendment to Electricity Supply Licence Definition of Restricted Metering Infrastructure</p>	<p>Part (b) of the definition refers to a situation in which a premise has two or more meters which record electricity consumption for 'distinct purposes'. Our interpretation of this is that it could inadvertently include a situation where a domestic customer has one meter recording consumption in their house and another meter recording consumption for a pool, garage, outhouse etc. The consumption would arguably be for different purposes but does not mean the customer is caught by a restricted metering infrastructure.</p> <p>Whilst we appreciate this has been clarified in the footnote to 22(a) of the Explanatory Note, it does not appear to have been reflected in the Order or draft Licence Condition. We'd therefore request that the CMA re-consider the wording it uses within this definition.</p>